

# **Office of Trade Programs**

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## Export Programs at Work

**October 2010**



**Foreign Agricultural Service**



## Office of Trade Programs: Export Programs at Work

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## Office of Trade Programs: Export Programs at Work

### Executive Summary

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The Office of Trade Programs (OTP) of the Foreign Agricultural Service (FAS) works to build, maintain and expand overseas markets for U.S. food and agricultural products, largely through a unique partnership with over 70 non-profit associations active in market development activities world-wide. USDA market development programs totaling \$234.5 million leveraged additional private sector investment of over \$335 million, bringing total investment in foreign market development to over \$570 million for 2009. The resulting agricultural exports are increasingly important to U.S. agricultural producers and the economy as a whole. Agricultural exports have been about a third of total U.S. agriculture cash receipts. For some U.S. products, such as almonds and cotton, export sales far exceed domestic sales. USDA's Economic Research Service (ERS) has reported that "for every dollar spent on U.S. exports in 2008, another \$1.36 was created in the U.S. economy to support the exporting activity. ERS estimates...show that every \$1 billion of U.S. agricultural exports in 2008 required 8,000 American workers engaged in either direct or indirect supporting activities."

About 95 percent of the world's population lives outside the United States. Increasingly, the demand for U.S. fish, forestry and agricultural products, resides overseas. The United States' top ten agricultural export markets—Canada, Mexico, China, Japan, EU-27, South Korea, Taiwan, Hong Kong, Indonesia, and Turkey—are forecast to import nearly \$79 billion in agricultural products from the United States in fiscal year (FY) 2010, over 70 percent of the forecast total. U.S. exports to Canada, Mexico, Indonesia, Turkey, Russia and Colombia, are each expected to exceed a 100 percent increase from FY 2000 levels. China is expected to import \$14 billion of U.S. agricultural products in FY 2010, compared to \$1.5 billion in FY 2000.

Despite the worst global recession in 2009 in decades, the top U.S. agricultural exports—soybeans, coarse grains, red meats, fresh fruit and vegetables, processed fruit and vegetables, wheat, feeds and fodders, cotton, poultry and tree nuts—increased by 78 percent in the past five years (from FY 2005 to FY 2010); this increase is valued at an estimated \$31.4 billion. FY 2010 total exports are forecast to reach \$107.5 billion, \$11.1 billion higher than FY 2009 (\$96.4 billion) and the second highest on record. FY 2011 exports are forecast at \$113 billion, approaching the FY 2008 record \$115 billion.

Secretary Vilsack stated that the increased FY 2011 forecast is a tribute to cooperators and their members "who work tirelessly with Congressionally-authorized export trade programs to maintain and develop markets for the products of American farmers and ranchers." These programs, coupled with increased coordination and outreach are key to the success of the President's National Export Initiative goals of doubling U.S. exports in the next five years, which will support two million new jobs. U.S. agriculture generates one out of every 12 jobs in this country. Increasing export opportunities translates directly into economic growth for the United States.

Market development programs have helped take advantage of improved market conditions in 2010 and significantly contribute to increasing exports. There are other factors influencing these forecasted trade increases. There is evidence of global economic recovery; Asian economies in particular are experiencing growth. Record U.S. grain and oilseed crops have led to increased competitiveness in world markets, particularly in China. Additionally, recovering economies among our NAFTA partners has increased demand for horticultural products, meat, and grains. Exports of distillers dried grains have seen a sharp rise this year and are expected to increase further next year. Despite some strengthening of the dollar against the Euro this year, the value of the dollar is still an important factor in enhancing the competitive position of many U.S. products. Market development programs help to build demand for U.S. products and stimulate economic activity for rural America.

IHS Global Insight (USA) Inc. stated in “A Cost-Benefit Analysis of USDA’s International Market Development Programs”, that: “It should be noted that the exchange rate has a significant impact on U.S. agricultural trade in both the high-value and bulk sectors, and they are more sensitive (elastic) to changes in exchange rates than market development expenditures.” However, even after taking currency fluctuation into consideration, they concluded that U.S. food and agricultural exports increased by \$35 for every dollar invested by government and industry on market development (p.14). Another study concluded that U.S. Grains Council market development efforts generated \$50 in additional producer income for every dollar invested (p.15), while yet another study showed that “on average, \$1.00 invested in wheat export promotion by the U.S. Wheat Associates, increased total gross revenue to the entire wheat industry by \$95 to \$186 (p.16).”

This report highlights some of our industry partners’ export successes in using the market development programs that FAS administers, including:

- An export credit guarantee program (GSM-102) that facilitates commercial financing of U.S. agricultural exports, encouraging exports to buyers in countries where credit is necessary to make, maintain or increase U.S. sales, but where financing may not otherwise be available; in FY 2010, the GSM-102 program facilitated \$3.09 billion of U.S. agricultural exports. Over 100 countries are included in GSM-102 allocations, and the U.S. exporting community receives major benefits.
- A unique partnership with over 70 U.S. non-profit producer organizations and State Regional Trade Groups (SRTG) to develop foreign markets, leveraging the skills and resources of the public and private sectors to achieve this common objective; by 2008 market development programs leveraged an additional \$335 million in participant program investment and total market development expenditures of the public-private partnership reached over \$570 million a year;
- A system of targeted grant programs that leverages the private sector’s technical skills and resources, to help resolve immediate export access issues, share understanding and build the foundation for expanded export gains; and
- Over 30 USDA-sponsored trade shows, in 20 countries that generated an estimated \$83 million in on-site sales and 12-month projected sales of \$771 million, in calendar (CY) 2009.

The combination of these programs contributes to achieving the FAS objective of increasing exports and creating jobs.

The FAS export development programs include: the Foreign Market Development (Cooperator) Program (FMD), the Market Access Program (MAP), the Quality Samples Program (QSP), the Emerging Markets Program (EMP), and the Technical Assistance for Specialty Crops Program (TASC). These programs provide partial matching funds on a reimbursable basis to eligible U.S.

organizations to conduct a wide range of activities, including market research, consumer promotion, trade servicing, capacity building, and market access support. FAS works with SRTGs, four non-profit agricultural export trade development associations representing state departments of agriculture of the southern, western, mid-western, and northeastern regions. The SRTGs and other industry organizations provide exporter readiness training and focus on engaging small agribusiness firms in successfully exporting their products.

This partnership in market development programs provides a long-term commitment to meeting the needs of current and potential customers in foreign markets. The programs developed are based on U.S. export opportunities as well as the importing country's priorities—whether it is to improve crop and animal production sectors through upgrading inputs and technology, to develop their processing sectors with imported U.S. ingredients, or to provide a wider array of consumer-ready products to their populace. U.S. producer associations develop their programs with extensive strategic planning, involve broad industry representation, identify their best prospects overseas, and develop appropriate strategies.

Market development programs, as summarized in this report, have enabled U.S. industries to help foreign countries develop their cattle, poultry, swine and aquaculture industries, through U.S. inputs and technology. Some programs provide nutritional education and identify the value U.S. products provide in overcoming protein deficiencies. Other initiatives help develop retail and hotel, restaurant and institutional (HRI) utilization of U.S. products through training programs geared to improve product handling, storage, and merchandizing and/or with chef seminars, cooking contests, buyer missions and media tours. Some projects demonstrate the economy and value of wood-framed housing, while others promote the aesthetic appeal of U.S. hardwood interior design. Demand for U.S. products is developed by showing profitability in use as an ingredient, or menu item; or as an input such as hybrid seed, feeds, livestock genetics, which provide increased profitability as part of modern crop and animal production practices.

Universally, U.S. products are positioned as high quality, delivering higher value for the usually higher price. Healthy eating and nutritional value are common themes. Programs support science-based regulations, provide food safety training, and now, increasingly present U.S. agriculture, fish and forestry as sustainable industries. The rise in phytosanitary trade barriers has led to record use of the Technical Assistance to Specialty Crops (TASC) program; FY 2010 program approvals reached \$7.4 million, compared to \$5.1 in FY 2009. Export development programs have been a critical component in building relationships between U.S. industries and foreign counterparts and customers. U.S. industry trade missions overseas and foreign buyer missions to key producing and processing areas in the United States, are the bread-and-butter of these programs.

The program success stories that follow are a sample of the scope of work, types of activities and subsequent results from this diverse programming. The stories included identify activities in over 60 countries, on every continent except Antarctica. The agricultural, fish and forestry industries participating in the market development programs are found across all 50 states and two territories, from Alaskan seafood to Hawaiian papaya. In addition, nearly 1,700 small and medium-sized companies participated in the SRTGs' generic and branded programs in CY 2009. These successes demonstrate that market development programs support the efforts of all of these people, representing all of these U.S. industries, conducting all of these activities for the benefit of their whole industry, building all these relationships, all over the world—and these programs make a lasting contribution to expanding U.S. exports.

## Description and Scope of Programs

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The **Export Credit Guarantee Program (GSM-102)** facilitates commercial financing of U.S. agricultural exports by providing credit guarantees to U.S. exporters and offering competitive credit terms to foreign buyers in eligible countries. Fluctuating world economic conditions result in uncertain traditional sources of trade financing, this threatens the ability of U.S. agri-business to make sales abroad. The GSM-102 program assists U.S. exporters in making these sales. The program has provided an average of \$2.8 billion in guarantees over the past ten years. In FY 2007, the GSM-102 program facilitated agricultural exports of \$1.7 billion, and \$3.1 billion in FY 2008. FY 2009 saw a significant expansion of the program with the issuance of \$5.3 billion in guarantees. FY 2010 saw a reduction, but final export amounts under the program still reached \$3.09 billion. The program's financial management strives to meet the objective of a zero subsidy component in which revenue is sufficient to cover the costs and losses of the program.

The **Market Access Program** (MAP) is a cost-share program that uses funds from USDA's Commodity Credit Corporation (CCC) to aid in the creation, expansion and maintenance of foreign markets for U.S. agricultural products. MAP forms partnerships between non-profit U.S. agricultural trade organizations, U.S. agricultural cooperatives, non-profit State Regional Trade Groups, and small and medium-sized U.S. commercial entities to share the costs of overseas marketing and promotional activities, such as consumer promotions, market research, trade shows, and trade servicing. Small businesses are eligible to receive matching assistance to conduct brand promotions. MAP was funded at \$200 million for FY 2009 and FY 2010.

The **Foreign Market Development (Cooperator) Program** (FMD) is a cost-share program that uses funds from USDA's CCC to aid in the creation, expansion, and maintenance of long-term export markets for U.S. agricultural products. The program fosters a trade promotion partnership between USDA and U.S. agricultural producers and processors who are represented by non-profit commodity or trade associations called Cooperators. Under this partnership, USDA and each Cooperator pool their technical and financial resources to conduct overseas market development activities that are generic in nature. Activities must contribute to the maintenance or growth of demand for the agricultural commodities and generally address long-term foreign import constraints and export growth opportunities. Programs focus on matters such as reducing infrastructural or historical market impediments, improving processing capabilities, modifying codes and standards, and identifying new markets or new applications or uses for the agricultural commodity or product in the foreign market. The Cooperator Program was funded at \$34.5 million for FY 2009 and FY 2010.

The **Quality Samples Program** (QSP) is designed to encourage the development and expansion of export markets for U.S. agricultural commodities under the authority of the Commodity Credit Corporation. QSP funds are used to assist U.S. entities to provide commodity samples to potential foreign importers to promote a better understanding and appreciation for the high quality of U.S. agricultural commodities. QSP was funded at \$2.5 million in FY 2009 and FY 2010.

The **Emerging Markets Program** (EMP) helps improve market access and develop or promote exports of U.S. agricultural commodities and products to middle income emerging markets through cost-share assistance to eligible applicants for approved technical assistance activities. Emerging markets are defined as those target countries or regional country groupings with per capita income of less than \$11,905 (the current ceiling on upper middle income economies as determined by the World Bank) and populations greater than one million. Private, federal and state organizations are eligible to participate in EMP. EMP was authorized at \$10 million for FY 2009 and FY 2010.

The **Technical Assistance for Specialty Crops** (TASC) program uses funds from USDA's CCC to provide direct assistance for public and private sector projects that address phytosanitary barriers which prohibit or threaten the export of U.S. specialty crops. The TASC program funds projects that specifically address these phytosanitary and related technical barriers through activities such as seminars and workshops, study tours, field surveys, pest and disease research, and preclearance programs. TASC was authorized at \$7 million for FY 2009 and \$8 million for FY 2010.

**For additional information see: [www.fas.usda.gov/programs.asp](http://www.fas.usda.gov/programs.asp)**



American Paint Horse, courtesy of U.S. Livestock Genetics Export, Inc.; story on pg 33.

## Export Credit Guarantee Program (GSM-102)

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The GSM-102 Program helps ensure that credit is available to finance commercial exports of U.S. agricultural products, thereby providing competitive credit terms to buyers. By reducing financial risk to lenders, credit guarantees encourage exports to buyers in countries—mainly developing countries—where credit is necessary to establish, maintain or increase U.S. sales but where financing may not be available without such guarantees. World economic uncertainty, results in fewer traditional sources of trade financing, thereby threatening the ability of U.S. agri-business to make sales abroad. With the GSM-102 program, FAS assists U.S. exporters to make these sales. In FY 2010, the GSM-102 program facilitated \$3.09 billion of U.S. agricultural exports. Over 100 countries are included in GSM-102 allocations, and major benefits accrue to the U.S. exporting community.

The GSM-102 Program directly supports U.S. agricultural exports and helps to create and maintain jobs in production agriculture and the processing, transportation, distribution, and maritime industries. Recent program successes include:

- GSM-102 facilitated \$1.7 billion in feed grain exports in FY 2009 and more than \$770 million in feed grain exports during FY 2010. The majority of the FY 2010 sales went to South Korea (\$404 million) and has helped the U.S. feed grains industry reach their highest market share in that country in 20 years.
- During FY 2009, GSM-102 facilitated \$693 million in wheat sales, primarily to South Korea, South America, Central America, and Southeast Asia. In FY 2010, an additional \$524 million in wheat sales have also been exported under GSM-102 to South Korea, Latin America, Southeast Asia, and Africa.
- Soybeans and soybean products continue to be one of the largest agricultural export commodities under the GSM-102 program. In FY 2009, GSM-102 facilitated exports in excess of \$1.8 billion in soybeans and soybean products to much of the world, and over \$915 million in FY 2010.



Soybeans, edamame, soymeal, courtesy of US Soybean Export Council; stories on pgs. 21, 23, 50, 51, 59.



Program activity for FY 2009 and FY 2010 (as of September 30, 2010) is noted below.

**SUMMARY OF FY 2009 EXPORT CREDIT GUARANTEE ACTIVITY**

(Exporter Applications Approved)

(\$ Millions)

<u>COUNTRY/REGION</u>	<u>GSM 102</u>
Africa and the Middle East	\$207.50
Caribbean Region	337.50
Central America Region	607.16
China/Hong Kong	348.20
Eurasia Region	262.80
Jamaica	9.40
Mexico	289.10
Russia	368.10
South America Region	590.30
South Korea	1,290.60
Southeast Asia Region	522.80
Southeast Balkan Region	10.50
Turkey	478.60
<b>TOTAL</b>	<b>\$5,322.56</b>

**SUMMARY OF FY 2010 EXPORT CREDIT GUARANTEE ACTIVITY**

**as of September 30, 2010**

(Exporter Applications Approved)

(\$ Millions)

<u>COUNTRY/REGION</u>	<u>GSM 102</u>
Caribbean Region	82.3
Central America Region	193.3
China/Hong Kong	100.9
Eurasia Region	385.6
Mexico	90.7
Middle East, North Africa	221.8
South America Region	195.0
South Asia Region	24.5
South Korea	780.0
Southeast Asia Region	267.9
Sub-Saharan Africa Region	132.2
Turkey	615.8
<b>TOTAL</b>	<b>\$3,090.0</b>

## FAS Endorsed Trade Show and Trade Services Results

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### ▪ CY 2009 and CY 2010 Trade Show Highlights

USDA endorsed 32 events in 20 countries, from January 1, 2009, to December 31, 2009. On-site sales totaled an estimated \$83 million, and 12-month projected sales reported by exhibitors were estimated at \$771 million. More than 8,400 new products were introduced in various markets on all continents. FAS direct costs in support of these events totaled about \$64,500.

During the first four months of CY 2010 ten endorsed shows took place in eight countries, with the participation of about 400 companies, of which 130 were small, and 68 minority, new-to-market, or new-to-export companies. On-site sales totaled an estimated \$36 million, and 12-month projected sales reported by exhibitors were estimated at \$262 million. The companies made over 7,500 serious business contacts and displayed 2,160 products. Below are some trade show highlights:

**\$17 Million in Sales Projected at SIAL China:** On May 19-21, 2009, SIAL China was held in Shanghai, China. Over 27,000 food trade visitors attended the show, resulting in 400 promising contacts for U.S. exhibitors and the largest U.S. Pavilion with 41 companies. U.S. companies projected \$17 million in 12-month sales. Products that generated interest included almonds, walnuts, pecans, popcorn, prunes, cereals, red wine, turkey, baby foods, wild blueberries, and sauces.

**Abastur Trade Show Results in \$11 Million in Sales:** Twenty-six exhibitors joined the U.S. Pavilion at Abastur show in **Mexico** City, September 30-October 2, 2009. Many of the 21,000 food trade visitors enjoyed U.S. gourmet dressing, seasoning blends, bakery products, dairy products, crab cakes, soybean oils, beef, cranberry products, and potato products. U.S. exhibitors reported \$11 million in 12-month sales and 708 business contacts. Abastur had three minority-owned companies exhibiting at the show.

**ANUGA 2009 USA Pavilion Exhibitors Report Success Exceeding all Expectations:** ANUGA, the world's largest food and beverage trade event, was held in Cologne, **Germany**, October 10-14, 2009. This biannual event featured 6,522 exhibitors from 97 countries and attracted 153,500 trade visitors from 180 countries.

The four U.S. Pavilions at ANUGA (Fine Foods, Meat & Poultry, Organic Foods, Frozen Foods) were a successful platform for its 139 participants (49 small, 11 new-to-market, and five minority owned companies), generating an estimated \$7.8 million in on-site sales and over \$158 million in 12-month projected sales. U.S. Pavilion exhibitors reported 1,620 serious trade contacts and introduced more than 350 new products including seasonings and sauces, frozen foods, dried fruits and vegetables, baked goods, ingredients, beverages, meat and poultry, organic products, energy snack made from chopped buffalo meat and cranberries, artisan cheeses, pelletized ice cream, and more.

**World Food Moscow 2009 Generates Over \$12 Million in Sales for U.S. Companies:** World Food Moscow 2009, one of the largest food forums in Russia, took place in Moscow, **Russia**, September 15-18, 2009. This show attracted approximately 50,000 trade visitors, and it remains the main event for food exporters intending to start or develop sales to Russia. Thirty companies participated in the U.S. Pavilion, including five new-to-market and one new-to-export. Pavilion exhibitors reported \$334,000 in on-site sales, and \$12.7 million in 12-month projected sales. U.S. companies offered more than 70 American food products. Almonds, raisins, pistachios, pecans, prunes, dried fruits, paddlefish, scallops, black cod, salmon roe, apples, pears, and grapes gained the most popularity with Russian buyers at the show. The Agricultural Trade Office (ATO) in Moscow organized several value-added services for Pavilion exhibitors, including a retail tour and a market briefing.

**Fruit Logistica 2010 Highly Successful Showcase for U.S. Exhibitors Again:** The 18<sup>th</sup> annual Fruit Logistica trade show was held February 3-5, 2010, in Berlin, **Germany**. This event is the world's leading

international trade fair for fresh fruits and vegetables, dried fruits, and tree nuts. The show was attended by 2,302 exhibitors from 71 countries and attracted more than 53,000 trade visitors from 130 countries. Visitors to the U.S. Pavilion could find a wide variety of U.S. produce ranging from apples, cranberries, and dates, to pears, pomegranates, tree nuts, and more. The 19 exhibitors, included eight small and four minority-owned companies in the U.S. Pavilion introduced 26 products and made 505 serious contacts. Projected 12-month sales are estimated in excess of \$18 million.

**U.S. Pavilion at Singapore's Food & Hotel Asia Generates \$25 Million in Projected Sales:** Food & Hotel Asia, Asia's largest international food and hospitality trade event, took place April 20-23, 2010, in Singapore. Held biennially, Food & Hotel Asia 2010 attracted 2,546 exhibiting companies from 63 countries and over 38,000 trade visitors. The U.S. Pavilion consisted of 70 exhibiting companies, including nine small, 15 new-to-market, and four new-to-export companies. Three State Regional Trade Groups and three other FAS cooperator groups also participated. Pavilion exhibitors reported making a total of 2,033 serious contacts, resulting in on-site sales of \$1.37 million and 12-month projected sales totaling \$24.7 million. Products showcased included meats, dairy, poultry, eggs, high-value processed products, juices, frozen seafood, food and bakery ingredients, and specialty foods. FAS staff from the region organized a market briefing for Pavilion exhibitors on export opportunities, and FAS Vietnam led a delegation of eight buyers to the U.S. Pavilion.

#### ▪ **U.S. Shows With International Component**

In CY 2009, FAS staff actively facilitated buyer team visits at 12 U.S. shows with substantial international participation. Three of those key U.S. shows (National Restaurant Association Show, Americas Food and Beverage Show, and Institute of Food Technology Show) resulted in 23 buyer teams, with a total of 490 participants from various regions and with \$7.9 million projected sales of U.S. products.

**National State Departments of Agriculture (NASDA) Use MAP to Generate \$23 Million in Sales of U.S. Products at Miami Trade Show:** More than 3,200 international buyers representing over 60 countries visited Miami for the Americas Food and Beverage Show November 9-10, 2009. Organized by the World Trade Center Miami (WTCM), the Americas Food and Beverage Show is designed to facilitate trade within the Americas, from **Canada to Argentina**. Leveraging MAP resources, **NASDA** recruited buyers from all parts of the **Western Hemisphere**, including the **Caribbean** and **Central and South America**. **NASDA** and USDA's FAS sponsored the U.S. pavilion, which featured 83 exhibitors from 23 states. Many of them participated in pavilions sponsored by the **Illinois, Georgia, and Minnesota** Departments of Agriculture. A unique feature of the show was the opportunity for exhibitors to participate in pre-arranged appointments with buyers selected to match each company's specific products. The combination of the meetings and the open trade show forum allowed U.S. exhibitors to generate \$23 million in sales.

#### ▪ **Services and Opportunities for Small-Size and Minority Companies**

OTP conducted an internal study for the purpose of reporting the participation of small and minority companies in various USDA-endorsed trade shows around the world. This report analyzed data compiled from evaluations received from 27 USDA endorsed trade shows taking place in 2008. Over 930 companies participated in these shows, with 50 percent of the responding companies meeting small company status and 46 percent responding as ethnic ownership. Statistics show that the most active minority ethnic group participants are Asian, making up about 5 percent of the total companies reported. A report analyzing 2009 show participants is under way.

#### ▪ **Servicing Exporter Customers**

In CY 2009, the FAS Trade Services Staff (TSS) responded to about 400 requests for information on the Exporter Assistance Line. Questions range from seeking buyers overseas, general export related questions, such as how to export candy and seafood products, help with the Foreign Buyers List, U.S. Suppliers' lists, and information on Japanese and other FAS supported shows. Some other specific inquiries concerned tariff rate information about **Panama**, export certificates related to popcorn, coffee, and dairy products, how to export wine to **Vietnam**, grapes to **Hong Kong**, baking mix to **Argentina**, and

several products to **Canada**. Responding to these inquiries can take anywhere from a few minutes to a few days.

#### ▪ Other Services and Products

The Foreign Buyer Lists (FBL) database, maintained by FAS, is still one of the most popular services sought by U.S. exporters. The database is live and interactive and is updated regularly by overseas FAS offices. In January 2010, TSS reviewed the database and provided feedback on the quality of information to FAS field offices. In addition, TSS publishes a monthly newsletter on the upcoming trade shows and trade events FAS supports. This Trade Show newsletter—Tidbits—can be found on the FAS website at the Trade Shows/Trade Events location.

#### ▪ Country Strategic Support Fund Success Stories

**Caribbean Importers Generate Over \$4.5 million in Sales at the Americas Food & Beverage Show:** In November 2009, the **FAS Caribbean Basin Agricultural Trade Office (CBATO)** coordinated a buying mission for 32 Caribbean importers from 12 countries to attend the Americas Food & Beverage Show in Miami, **Florida**. CBATO also worked with the **U.S. Meat Export Federation** and the **U.S. Dairy Export Council** to organize a dinner for the Caribbean buyers, featuring meat and cheese products being promoted at the show. The dinner provided another opportunity for U.S. suppliers to meet and network with the importers. The importers projected sales of over \$4.5 million during the 12 months following the show.

**FAS Egypt has Sales Success at ANUGA:** **FAS Egypt** coordinated a buying mission to the ANUGA trade show held October 11, 2009, in Cologne, **Germany**. ANUGA, held biennially, is the largest food show in the world. FAS Egypt staff accompanied 42 buyers from **Egypt, Israel, Jordan, Syria, and Lebanon**. With current security worries, it is often difficult for Middle Eastern buyers to obtain visas to come to U.S. shows, so European shows offer an excellent opportunity for these buyers to meet U.S. suppliers. The buyers were most interested in products such as beef, turkey, dairy products, and mixed containers of processed foods. FAS Egypt staff personally facilitated buyer and seller introductions. So far, this has resulted in \$150,000 of sales for dairy products. In addition, Egyptian buyers had very positive meetings with two consolidators (companies that sell mixed container loads of products) that are expected to result in future sales.

**U.S. Pavilion at 2010 China Animal Husbandry and Feed Industry Expo (CAHE) a Success:** The Beijing Agricultural Trade Office (ATO) and the Foreign Commercial Service (FCS), sponsored a joint U.S. Pavilion at the CAHE. The project was initiated to increase U.S. exports of animal genetics and feed ingredients. The ATO recruited 14 U.S. organizations to participate in this first-ever U.S. Pavilion. One company made sales worth \$370,000 at the show and the U.S. pavilion attracted 17 U.S. exhibitors, up from 10 in 2009. Another U.S. exhibitor reported that Chinese buyers were interested in importing five plane loads of pigs valued at \$6.5 million; however, China currently has a ban on live swine imports. The pavilion was well-received both by U.S. exhibitors and Chinese attendees. Inquiries and contacts established at the trade show helped U.S. exhibitors lay the base for future sales. During the three days of the event, more than 70,000 professional visitors came to the expo. The show had 2,500 exhibitors from more than 30 countries. Exhibitors included animal breeding, feed additives, animal care, animal feed machinery, animal product processing, environmental engineering design and investment consulting. In addition, ATO Director Eric Trachtenberg and FCS Commercial Officer Richard Craig were interviewed for a web video report on the show.



Saier Media Corporation interviews Eric Trachtenberg

## 2009 Trade Show Results

<b>Event</b>	<b>Reported On-site sales</b>	<b>Projected 12 months sales</b>	<b>Product focus</b>
SIRHA '09 (France)	\$ 325,000	\$ 5,100,000	foodservice
Fruit Logistica '09 (Germany)	\$ -	\$ 22,000,000	produce
BioFach '09 (Germany)	\$ -	\$ 600,000	organic
Gulfood '09 (UAE)	\$ 22,000,000	\$ 133,000,000	general food
CRFA '09 (Canada)	\$ -	\$ 60,000	foodservice
ANTAD '09 (Mexico)	\$ 200,000	\$ 18,600,000	retail
AAHAR '09 (India)	\$ 2,000,000	\$ 5,490,000	general food
FOODEX '09 (Japan)	\$ -	\$ 24,400,000	retail/HRI
IFE London '09	\$ 95,000	\$ 9,300,000	general food
SIAM Montreal '09	\$ 42,000	\$ 3,480,000	general food
F&H Indonesia/Amer Café	\$ -	\$ 700,000	general food
HOFEX (Hong Kong)	\$ -	\$ 6,600,000	foodservice
Eur Seafood Exh '09 (Belgium)	\$ 43,800,000	\$ 255,200,000	seafood
Seoul F&H Korea '09	\$ 290,000	\$ 6,700,000	foodservice
SIAM China '09	\$ 2,480,000	\$ 17,000,000	general food
IFIA '09 (Japan)	\$ 325,000	\$ 2,100,000	ingredients
Alimentaria/cancelled (Mexico)	\$ -	\$ -	general food
F&H Beijing '09	\$ -	\$ 7,600,000	foodservice
Food Taipei '09	\$ -	\$ 6,000,000	general food
Exphotel '09 (Mexico)	\$ 802,000	\$ 14,080,000	foodservice
Agroexpo '09/cancelled	\$ -	\$ -	agriculture
SIAM Mercosur '09 (Argentina)	\$ -	\$ 1,000,000	general food
Asia Fruit Logistica '09 (Hong Kong)	\$ 250,000	\$ 3,000,000	produce
FiAsia '09 (Thailand)	\$ 1,300,000	\$ 5,000,000	ingredients
Filda Angola '09/cancelled	\$ -	\$ -	agriculture
World Food Moscow '09	\$ 334,000	\$ 12,700,000	general food
Asia Food Expo '09 (Philippines)	\$ 3,066	\$ 520,212	general food
Abastur '09 (Mexico)	\$ 1,700	\$ 16,500,000	foodservice
F&H Vietnam '09	\$ 285,000	\$ 11,000,000	foodservice
HiJapan '09	\$ -	\$ 1,400,000	ingredients
Hong Kong Internatl'Wine '09	\$ 10,660	\$ 2,300,000	wine
F&H China '09	\$ 700,000	\$ 8,800,000	foodservice
India Food&Drink Expo '09	\$ -	\$ 415,000	general food
ANUGA '09 (Germany)	\$ 7,800,000	\$ 158,000,000	general food
FiEurope '09 (Germany)	\$ -	\$ 8,880,000	ingredients
Fine Food Australia	\$ 35,000	\$ 3,100,000	general food
<b>TOTAL</b>	<b>\$ 83,078,426</b>	<b>\$ 770,625,212</b>	

## Economic Impact of MAP and FMD Programs

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A 2010 report updating a previous cost-benefit analysis of USDA's foreign market development programs (MAP and FMD) was recently completed by Global Insight Inc., a respected private economic and financial analysis research firm. USDA/FAS was pleased to learn that the March 2010 cost-benefit analysis concluded that the programs effectively and efficiently leverage private and public sector resources in a unique partnership to increase U.S. food and agricultural exports. The study used multivariate econometric models for bulk commodities and high value products that isolated the unique long-run trade impacts of foreign market development.

The analysis, which examined FAS's MAP and FMD programs, concluded that increased joint investment in market development resulted in the following:

- U.S. food and agricultural exports increased by \$35 for every dollar invested by government and industry on market development;
- U.S. agricultural exports in 2009 were \$6.1 billion higher than they would have been without the increased investment in market development;
- Export gains associated with the programs increased the average annual level of U.S. farm cash receipts by \$4.4 billion. Concurrently, U.S. government domestic support payments were reduced by about \$54 million annually, due to higher prices.
- An estimated 47 percent of the programs' total trade impact accrued to commodities not receiving market development assistance – a phenomenon known as the “halo” effect. In other words, non-promoted commodities benefited from increased promotion of other commodities in the same market; and
- Increased exports resulting from foreign market development programs generated positive externalities for the overall economy—total economic welfare gain to the U.S. economy was estimated to be an annual average of \$1.1 billion from 2002 through 2009.

Global Insight Inc. further concluded that FAS/USDA market development funds have been a catalyst for export activities, drawing in yet higher levels of private sector financial participation. In addition, public sector support for market development programs is warranted as it provides a basis for coordinated U.S.-specific marketing efforts that would otherwise be fragmented, under-funded, or non-existent.

Global Insight Inc. also noted that roughly two-thirds of program funds are used for technical assistance and trade servicing, including trade policy support activities. Less than 20 percent is used for direct consumer promotions.

This study's findings dispel criticisms that the economic impact of MAP and FMD is unclear and unquantifiable.

## Product Specific Economic Impact

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**Additional studies highlight the beneficial economic impact of market development programs.**

- **U.S. Grains Council Market Development Efforts Generate \$50 in Additional Producer Income for Every Dollar Invested:** In July 2009, the U.S. Grains Council released the results of its annual update of the trade impact of market development programs for coarse grains and products. The study by Informa Economics LLC, estimated the trade impact of Council programs on U.S. exports of corn, sorghum, barley, corn gluten feed, corn gluten meal, and distillers dry grains with soluble (DDGS), over the 2004-2008 period and calculated an annualized value of that impact. The study concluded that the Council's market development program accounted for \$395 million in U.S. exports of the targeted commodities on an annual basis. The price impact of these exports increased U.S. producer incomes by \$915.7 million each year. This is a return of \$50 for each dollar of industry and U.S. government funds (five-year annual average of \$12.6 million from FAS and \$5.5 million from members and U.S. industry) invested in Council activities. The study utilized a three-dimensional model that took into account whether the product was new or established in the market, total import trends, and U.S. market share. Informa noted that maintaining U.S. sales in a declining market is a more significant accomplishment than sustaining or expanding U.S. sales in a growing market. They also remarked on the singular role of the Council in successfully introducing the new product, DDGS, to U.S. export markets.

- **Northwest Cherry Growers' Market Development Program Benefits Local Economy:** The Northwest Cherry Growers report annually on the economic impact of exports on local economies and growers. In 2009, exports generated a local economic impact of \$302 million, bringing a \$1.89-return on every export dollar realized. They reported that cherry exports, supported by \$4.8 million in MAP funding over the past five years, generated \$187 million in federal and state taxes. In addition, they estimated that over the past five years, an annual average of 13,957 jobs have been generated from the export of sweet cherries. The Growers have members in five states – [Washington](#), [Oregon](#), [Idaho](#), [Utah](#), and [Montana](#). The Growers reported a farm gate value of \$159 million in exports in 2009, with a record 5.6 million boxes exported. MAP activities, (such as handling and merchandising seminars and increased in-store product demonstrations and sampling) facilitated phenomenal export growth. Northwest cherry exports more than doubled to [Australia](#) and [Hong Kong](#), and increased five-fold to [China](#) (2009 compared to the previous two-year average). A little less than a third of the production of the five-state region was exported.



Rainier cherries and dark sweet cherries, courtesy of Northwest Cherry Growers



● **U.S. Wheat Associates Study Shows Substantial Economic Benefits From U.S. Wheat Export Promotion Investment:** U.S. Wheat Associates commissioned Dr. Harry Kaiser, Director of the Cornell Commodity Promotion Research Program, to estimate the economic impact of generic U.S. wheat promotion programs. Dr. Kaiser's econometric methodology took into account several factors that affect the demand for wheat, such as U.S. and competitor wheat prices, competing country wheat exports and exchange rates. The study concluded that the benefit of export promotion far exceeds the cost of conducting export promotion programs, partly because "...promotion expenditures are exceedingly small relative to product value..." (average investment in 2007 was 0.27 percent of the value of wheat exports) and partly because "overseas demand for U.S. wheat is highly responsive to export promotion spending."

The study showed that "...on average, \$1.00 invested in wheat export promotion increased total gross revenue to the entire wheat industry by \$95 to \$186." The estimated increase in the total annual gross return over the period of the study (2000-2007) ranged from \$961 million to \$1.8 billion. The study estimated that producers received about 10 percent of the total benefit so that net producer revenue increased from \$96.1 million to \$188 million per year, with an average of \$117 million. The study also concluded that increasing funding could pay added benefits, that for every additional \$1 invested in export promotion, U.S. wheat producers would earn marginal returns of \$7.72 to \$17.38, with a reasonable midpoint of \$9.95. "Overall, the study indicates that the economic benefits of U.S. wheat export promotion are substantial and that increasing the promotion investment has the potential to increase returns to wheat producers, the wheat supply chain, and the U.S. economy."



Courtesy of U.S. Wheat Associates. Photo by John McManigal. Self-leveling combines are essential for farmers like Jeff Kortge to harvest an abundant soft white wheat crop just south of The Dalles, Oregon.



## Market Development Program Accomplishments

### Food Grains

**U.S. Wheat Associates (USWA)** and the **USA Rice Federation (USARF)/USA Rice Producers Association (USARPA)**, are the primary program participants building demand for U.S. food grains overseas. During the past three years, nearly half of U.S. wheat production and 40-60 percent of the U.S. rice crop has been exported annually. Wheat is grown in 42 states; over half of total U.S. production is represented by **Kansas, North and South Dakota, Montana, Texas, and Washington**. U.S. wheat exports reached \$6 billion in FY 2009 and about 60 percent of those exports went to **Japan, Nigeria, Mexico, Philippines, South Korea, Taiwan, Iran and Egypt**. **Arkansas, California, Louisiana, Missouri, Mississippi and Texas** are the leading U.S. rice producing states. U.S. rice exports reached just over \$2.2 billion in FY 2009; over half of these exports went to **Japan, Mexico, Canada, Haiti, and Saudi Arabia**.

- **Long-Term U.S. Wheat Trade and Mill Capacity Building Successes in Nigeria:** The **USWA** recently reported that Nigeria is the ultimate success story for the U.S. wheat industry and its long-standing partnership with FAS's MAP and FMD programs. USWA's long-term presence in Africa, market research, and strategy targeting the local milling industry led to opening an office in Lagos in 2001. With more than \$2.5 million in MAP and FMD funds invested since then, USWA has worked collaboratively with leading Nigerian millers to develop the local market for U.S. wheat. Through this collaboration, U.S. wheat sales to Nigeria have reached nearly \$3.5 billion over the same period. Through USWA's technical assistance and trade servicing, Nigeria has imported all six U.S. wheat classes, generating jobs in all 19 wheat-producer member states. The United States still dominates Nigeria's wheat import market, with close to a 90 percent market share, despite increased price competition from Canada and the Black Sea region. Nigeria was the United States' largest wheat export market in the 2009/10 marketing year (June-May), and averaged about \$660 million over the 2005-2009 period.



Top flour milling executives from Nigeria visit the U.S.; courtesy of U.S. Wheat Associates; photo by Steele Fischbacher.

- **Market Development Spurs Wheat Sales to Indonesia:** Sustained trade and technical service in the emerging Indonesian market by **USWA** through MAP and FMD funding has helped increase U.S. wheat sales and share in a market dominated by nearby Australia. Between June-May 2001/02 and 2006/07, total U.S. wheat sales to Indonesia were about 1.74 million metric tons (MMT) and annual market share never exceeded 10 percent. As USWA learned that new mills were planned, its representatives encouraged the owners and trained technical managers to produce new flour products made with U.S. wheat to compete in a growing high-quality baked goods market segment. U.S. wheat's share increased to more than 15 percent as millers became more satisfied with the results, and temporarily reached 25 percent in 2007/08 when severe drought cut Australian production. The U.S. share continues to exceed 10 percent, even in the challenging economic environment of 2009/10, and despite Australia's significant freight cost advantage. Since 2007/08, total U.S. wheat sales have exceeded 3 MMT. The incremental sales are worth \$252 million to producers from the Pacific Northwest, the Great Plains and the Southeast. At the same time, the effort is helping the Indonesian milling industry build its competitive capacity.
- **MAP and FMD Funds Critical to Restoring Access for U.S. Rice in the European Union (EU):** Following nearly four years of work by the **USARF**, **USDA**, and the Office of the U.S. Trade Representative, EU member states voted on April 19, 2010, to remove the EU's "emergency measure" on imports of U.S. rice. The EU restrictions were put in place in 2006 following the

discovery of trace amounts of the genetically engineered Liberty Link 601 trait in the U.S. rice supply, which was not legal for cultivation and sale in the EU. Consequently, U.S. rice exports to the EU plummeted from over 300,000 metric tons (MT) annually to about 70,000 MT. USARF made efforts to remove the trait and embarked on a campaign to convince a skeptical audience in Europe of its commitment to meeting the EU's regulatory requirements and consumer preferences. The industry used the FMD and MAP programs to support regular visits to EU Commission headquarters and to key member states to educate EU regulators and the European rice industry.

- **USARF Partnership with TOKS Restaurant Chain Equates to Increased U.S. Rice Exports:** In a country where corn and beans top the list of staple foods, rice consumption in **Mexico** is especially low in the foodservice sector. In 2002, **USARF** began working with the casual dining chain, TOKS, to promote increased rice usage on the restaurant's menu. TOKS is Mexico's fastest growing casual dining chain with 84 outlets nationwide, with plans to reach 200 soon. In 2002, the company made annual purchases of 75 MT of rice worth an estimated \$20,000. USARF'S strategy consisted of conducting month-long menu promotions featuring several new rice dishes. As a result, restaurants permanently added one rice dish to the daily menu to complement the company's extensive selection of meats, salads, and traditional Mexican dishes. Seven years later, TOKS purchased 200 MT of rice annually, valued at about \$150,000. Investing a total of \$88,000 in MAP funds over the seven-year period (just over \$12,500 per year) to demonstrate the versatility and economy of U.S. rice, USARF helped TOKS increase its rice usage by 267 percent. Over the seven-year period, this investment in promotions has yielded an estimated additional \$500,000 in rice purchases by TOKS.

## Feed

**U.S. Grains Council (USGC), American Soybean Association-International Marketing (ASA-IM), National Renderers' Association (NRA) and the National Hay Association (NHA)** are the primary program participants building demand for U.S. feed grains, protein meals and forages overseas. Total U.S. coarse grain exports in FY 2009 were about \$10 billion, with corn exports at \$9.3 billion. **Iowa, Illinois, Nebraska and Minnesota** represent over half of total U.S. corn production. **Japan, Mexico, South Korea and Taiwan** represent about 70 percent of total U.S. corn exports. U.S. soybean exports reached \$13.9 billion in FY 2009. The top four markets, **China, Mexico, Japan and Taiwan**, represented about 75 percent of the total. **Iowa, Illinois, Minnesota and Indiana** represent nearly half of U.S. soybean production. U.S. hay exports reached \$750 million in CY 2009, with more than half exported to **Japan**. **Texas and California** are the largest producing states. Though only 3-4 percent of U.S. hay is exported, it represents a significant portion of production for some of the West Coast states; for example 20 percent of **Washington** hay is exported. In addition, the U.S. exports about 17-23 percent of all rendered product production. U.S. exports of all rendered products reached \$1.2 billion in 2009, and major markets include **Mexico, China, South Korea and Southeast Asia**.

- **Long-Term Technical Assistance in Morocco Builds a Market for U.S. Feed Products:** About 10 years ago, **USGC** provided the Moroccan government with a long-term beef industry development plan, which the government adopted. A demonstration feedlot provided Moroccan producers exposure to modern feeding technology. Just five years ago, USGC introduced a major Moroccan cooperative to the concept of expanding their members' dairy and beef cattle capacity. This cooperative's corn utilization has grown from 15,000 MT annually to 60,000 MT. More recently, the Council introduced distiller's dried grains with solubles (DDGS) a by-product of ethanol production, and corn gluten feed to the Moroccan livestock industry. In 2008, Morocco imported 80,000 tons of DDGS. Four feedlots and three large dairies have been built or are under construction, using the USGC model. The Moroccan government plans to double per capita meat consumption by 2020, increasing food availability and reducing costs to consumers. USGC is assisting the Moroccan government to meet their food security goals; another 20-30 feedlots are expected to be built using the USGC model. USGC has invested about \$1 million in Morocco; U.S. corn sales have increased by \$21.4 million and DDGS by \$20 million. An additional \$10.7 million in live cattle purchases have resulted from these activities.

- **U.S. Corn Exports Making Inroads in Tunisia:** USGC staff presence in **Tunisia** coupled with longer term educational and relationship building programs, have helped U.S. corn exports take advantage of market opportunities. The Grains Council maintains regular contact with importers and end-users in their markets to keep them aware of world supply and demand developments. This dialogue provides the opportunity to update key buyers on the price movements in grain and freight, making sure they keep U.S. corn in mind when making purchasing decisions. The Council also regularly brings in buyer missions to the United States to visit production areas and provide the opportunity to discuss U.S. corn prices and the advantages of purchasing U.S. corn, such as year-round availability and consistency in quality. These trips help build and maintain important relationships. In the case of Tunisia, the Council has also brought key industry and government leaders to Morocco, to study Moroccan beef and dairy production expansion under Council programs. So as Black Sea region supplies recently became more expensive, Tunisian importers quickly switched to U.S. supplies. U.S. corn exports to Tunisia since May 2010 have already reached 143,500 MT, double the total CY 2009 exports of 73,104 MT valued at \$12 million. Exports this year are already approaching the CY 2008 level of 183,738 MT, valued at \$41 million.
  
- **Exports of U.S. Distilled Dried Grains with Solubles (DDGS) Critical to Profitability for U.S. Corn Growers:** DDGS are a co-product of corn-based ethanol production and as the U.S. ethanol industry has expanded, so has DDGS production. U.S. corn production was 11.8 billion bushels in (Sept-Aug) 2004/05 with 7.6 percent going into ethanol production, generating 6.55 MMT of DDGS. As a high-protein feed, most of the early production of DDGS was used domestically in and around areas with ethanol plants. However, production quickly exceeded local utilization. In 2004/05 about 16 percent of DDGS production was exported, just over 1 MMT. Once product transportability issues had been addressed, the **USGC** recognized that DDGS export demand was necessary to maintain profitability in ethanol production. U.S. exports of DDGS have grown steadily from 787,000 MT in CY 2004 to 5.64 MMT in CY 2009. Over 30 percent of the 13.1 billion bushel-2009/10 crop went into ethanol production; 18 percent of the DDGS produced was exported. Informa, an economic research firm that conducted a program-wide evaluation of Grains Council programs, concluded that the Council's DDGS promotional efforts resulted in over \$103 million in additional producer revenue in 2009/10 alone. Examples of this success include:
  - ❖ **USGC Helps Create Distilled Dried Grains with Solubles (DDGS) Market in **Canada**:** Almost entirely due to **USGC's** MAP and FMD funded programs in Canada, imports of U.S. DDGS skyrocketed from a negligible amount in CY 2005 to an estimated 880,000 MT in 2009, worth \$1.1 million. It began in 2005 when USGC initiated research in Canada's swine industry that proved hogs could be fed higher inclusions of the ethanol co-product with minimal to no impact on pork quality. The financial savings to Canadian pork producers potentially translated into \$5 a hog. USGC followed this with swine feeding demonstrations and Canadian participation at the International Distillers Grains Conference in Indianapolis. In September 2009, USGC sponsored DDGS seminars in Ontario and Quebec, helping to build confidence in increasing DDGS feed inclusion rates above 20 percent, as well as effectively managing nutrient options in corn DDGS. USGC also embarked on a campaign to demonstrate to the Canadian beef industry the financial benefits of feeding at higher rates of DDGS, without negatively impacting nutrition and meat quality. Canadian cattle feedlot operators could save as much as \$50 per head. As a result, Canada has become the United States' second largest DDGS market. **Mexico** remains the number one market for U.S. DDGS, importing 1.46 MMT in CY 2009, dramatically increasing from 200,000 MT in CY 2005. The Grains Council has been building demand for U.S. DDGS in Mexico since 2000, bringing Mexican teams to the United States, disseminating technical information and conducting feeding trials.
  
  - ❖ **Chilean Dairy Producers Interest in U.S. DDGS Grows:** A **USGC** team visit to Chile in June 2009 and the seminars they conducted for local dairy farmers showcased the positive results from earlier DDGS feeding trials. Chilean dairy producers had not thought that feeding U.S. DDGS would be practical due to their extensive grazing system. However, the feeding trial that the Grains Council had conducted locally in 2008 demonstrated a significant increase in milk production and a decrease in feed costs when DDGS were included in the

feed rations. Chile had imported 80,000-100,000 MT of DDGS in CY 2007 and CY 2008, primarily for use in their poultry and swine sectors. CY 2009 imports reached nearly 200,000 MT and continue to grow.

- ❖ **Southeast Asian Imports of U.S. DDGS Increasing Rapidly:** U.S. DDGS exports January-May 2010 are already over 100,000 MT above the same period last year. CY 2009 exports reached 890,000 MT, which were 50 percent above CY 2008 levels. “From livestock to aquaculture, producers in Southeast Asia have come to realize DDGS keeps feed costs low without affecting feed quality and animal performance” said—Adel Yusupov, USGC regional director. The rapid expansion of aquaculture production in Southeast Asia, primarily **Vietnam**, has opened opportunities for U.S. DDGS exports. The **USGC** market development funded programs in the region focus on customer education, feeding trials and one-on-one meetings with end-users. Aquaculture feed producers see DDGS as a high-value feed ingredient complementing soybean meal products in high protein aqua diets. In addition, as a direct result of Grains Council market development funded programs, U.S. DDGS exports are rapidly increasing to Indonesia, reaching 199,423 MT in CY 2009, more than 50 percent above CY 2008 and exports Jan-May 2010 are again running more than 50 percent ahead of CY 2009. In August 2008 the Council sent a U.S. industry trade mission to **Indonesia** to meet with some of the Council’s third party cooperators and to explore opportunities that might exist for DDGS in the Southeast Asia region. In December 2009, the Grains Council conducted a three-day seminar addressing the benefits of using DDGS in poultry, dairy and fish production. This activity alone has generated 500 MT of U.S. DDGS sales in 2010.



2008 USGC Mission to Indonesia; courtesy of U.S. Grains Council

- ❖ **U.S. DDGS Exports to **Egypt** Almost Double:** CY 2009 U.S. DDGS exports to Egypt reached 79,000 MT, a dramatic increase from no exports in 2007 and 42,901 MT exports in CY 2008. Using market development program funding, the **USGC** conducted feeding trials in Egypt’s dairy, water buffalo and poultry sectors in 2008 and 2009. The feeding trials demonstrated the DDGS are both nutritionally and economically advantageous to Egyptian producers. The dairy feeding trial resulted in a feed cost savings of \$17 per metric ton, the water buffalo trial produced a cost savings of \$8.40 per ton, and for layer hens and broilers fed DDGS, there was a feed cost savings of \$1.50 per ton. In addition, the Grains Council hosted an Egyptian DDGS trade team in October 2008 and August 2009 to learn about the industry first hand and develop relationships with potential suppliers.
- **FMD and QSP Support Hay Export Sales Surge to **China**:** Recent success in increasing U.S. hay exports to China can be directly attributed to FMD and QSP. Starting in CY 2005, the **National Hay Association** has used FMD programs to provide technical support, and QSP to provide product samples, to introduce end users and key contacts in China to the benefits of using U.S. hay in their animal feed regimen. As a result, U.S. hay exports to China quadrupled from \$4.4 million in 2008 to \$18.4 million in 2009. Total world U.S. exports sales in 2009 reached \$872 million, up by 23 percent over the previous year.
- **FAS and National Renderers Association (NRA) Work to Gain Market Access for U.S. Ruminant Meat and Bone Meal to the **Philippines**:** During the spring of 2009, FAS and **NRA** worked together to negotiate with the Philippine Bureau of Animal Industry (BAI) to obtain market access for U.S. ruminant meat and bone meal, which had been banned since the U.S. outbreak of bovine spongiform encephalopathy (BSE) in December 2003. NRA utilized both FMD and MAP funding to travel to Manila to discuss the safety and quality of U.S. meat and bone meal with Philippine officials and to coordinate with USDA/FAS. In the summer of 2009, NRA utilized FMD funding to bring a Philippine delegation to the United States to audit the regulatory system and the rendering industry. Negotiations between FAS, the Animal and Plant Health Inspection Service, and the Philippine BAI regarding import requirements continued over the next several months. During a



successful visit to the Philippines by Secretary Vilsack, it was announced that restrictions on ruminant meat and bone meal were lifted. U.S. exports of ruminant meat and bone meal began in January 2010. During the first two months of 2010, over \$200,000 of ruminant meat and bone meal were exported and growth throughout 2010 looks likely. Without the assistance of MAP and FMD funding, the opening of this market would not have been possible. These enhanced exports bring revenue to the communities that rendering companies serve and help to increase the price that farmers and ranchers receive for their cattle.

- **NRA's FMD and MAP Activities Contribute to Increased Ecuadoran Imports of U.S. Protein Meals:** NRA utilized FMD and MAP funding to organize various regional seminars in Latin America promoting the use of U.S. animal protein meals as a substitute for fishmeal in aquatic feed, pet food, and terrestrial animal diets. These promotional seminars led directly to the increased usage of U.S. animal protein meals in Ecuadoran aquaculture diets. Following the first round of seminars in 2007, Ecuador began purchasing approximately \$1 million of U.S. animal protein meals, which was significant because Ecuador was the first country in the Andean Trade Pact to reach that import level. In 2009, NRA used MAP funds to bring a small team of importers to the United States to meet with rendering companies. These activities increased U.S. exports to Ecuador to approximately \$3 million in 2008 and \$3.1 million in 2009, making Ecuador the second largest market in the region for U.S. animal protein meals. These exports benefit the U.S. rendering industry and the ocean environment as they help to relieve the burden placed upon wild stocks of baitfish.
- **U.S. Soybean Conference Helps Chinese Firms Overcome Sourcing Problem:** In November 2008, funding provided through FMD enabled the **American Soybean Association–International Marketing (ASA–IM)** to host a 22–member Chinese team at the first annual Global Soybean and Grain Transport Conference in Chicago. The team members represented mid–sized Chinese feed millers that were interested in directly importing U.S. soybeans for production of extruded full–fat soybean meal but who had experienced difficulties purchasing the smaller volumes of soybeans that they needed. At the conference, the team learned of new supply channels such as bulk containerized shipping for purchasing quality U.S. soybeans in the desired smaller volumes. ASA–IM's China Feed Consultant, Dr. Jack Cheng, followed up with on–site technical assistance. Over the ensuing 11 months, team members from Dalian, Shanghai, Nanjing, Ningbo, Nanchang, and Zhengzhou purchased 81,000 MT (with an estimated value of \$27 million) of U.S. soybeans. These soybeans were imported primarily for milling high quality full-fat soybean meal.
- **Latin American Dairy Industry Turns to U.S. Soybean Meal:** ASA-IM Latin America and the Technical Department of the largest dairy company in Central America, held two seminars in **Costa Rica** funded by FMD. The seminars focused on the importance of formulating dairy diets using the concept of digestible by-pass protein, and using special types of soybean meal high in by-pass protein. The cooperative handles 1.1 million liters of milk, equivalent to 65 percent of the total Costa Rican milk production, and exports dairy products to Mexico and Central America. The company also owns a feed mill that produces 15,000 MT of dairy feed per month. During these seminars, ASA-IM representatives presented information through technical lectures and farm visits. Around 157 dairy producers and technicians attended the seminars and visited five dairy farms. As a result, Costa Rica imported over \$80 million worth of U.S. soybean meal in the last marketing year.
- **Leading Trinidad Soybean Meal Importer Doubles Feed Production:** Representatives from Trinidad's leading importer of U.S. soybean meal attended an aquaculture extrusion feed course at Texas A&M University, funded by **ASA–IM'S** MAP. The Trinidadian company has almost doubled its feed production in the past 3 months, increasing its average output from 2,000 to 4,000 MT per month, including feeds for rabbits, pets, and tilapia. Topics covered in the course included extruder improvements for more uniform feed product and increasing feed production. Trinidad and Tobago imported nearly \$14 million worth of U.S. soybean meal in CY 2009.

## Oilseeds

The **American Soybean Association-International Marketing**, **American Peanut Council**, and **National Sunflower Association**, are the primary program participants building demand U.S. soy, peanuts, and sunflower products for human consumption. In FY 2009, U.S. exports of soybean oil, sunflower oil and peanut oil were \$855 million, \$93 million and \$3.8 million, respectively. **Mexico, India, Morocco** and **Canada** represented nearly 50 percent of U.S. soybean oil exports. An estimated 55 percent of the total 2009/10 U.S. soybean crop was exported, including soybeans, soy meal and soy oil. **Canada** alone accounted for 83 percent of U.S. sunflower oil and 52 percent of U.S. peanut oil exports. **North** and **South Dakota** represent over 70 percent of U.S. sunflower production, and about 30 percent of U.S. sunflower oil production. About 55-60 percent of confectionary sunflower seed production is exported. U.S. sunflower seed exports reached \$162 million in FY 2009 with **Spain, Turkey, Canada, Romania, Mexico** and **Germany** the primary destinations. **Georgia, Texas, Alabama** and **North Carolina** are major peanut producing states. Roughly 20 percent of the U.S. peanut crop is exported annually. U.S. peanut exports were \$269 million and exports to **Canada, Mexico, the Netherlands, Japan** and **Germany** represented 78 percent of the total.

- **FMD Funding Influences Private Label Product Specifications in Canada:** **American Peanut Council (APC)** consumer research has revealed that Canadian consumers prefer products labeled as “made with American peanuts” or “products of the U.S.A.”, but that Canadian retailers have not typically identified country of origin on private label products. APC representatives, fusing FMD program funds, visited all of Canada’s major retail chains, learning that most did not even pay attention to product origin in their specifications. However, after learning about the consumer research, several Canadian manufacturers and retailers agreed to begin specifying U.S. origin in new contracts. CY 2009 U.S. peanut sales to Canada were \$106 million, roughly 33 percent of which eventually are sold through private label products.
- **Market Development Programs Rebuild European In-shell Peanut Sales:** Through a combination of MAP funded trade servicing and generic promotions with manufacturers highlighting nutrition, the APC has been able to rebuild the U.S. in-shell peanut market in the **European Union (EU)**. Following recommendations from an evaluation of its program, APC met with customers to better understand their requirements. APC’s message of consistent supply and quality product, combined with electronic export documentation that expedites entry into the market, helped customers recognize the value of U.S. origin peanuts despite their premium price. Adequate supplies and exporter and customer interest in working with APC also played an important role in this success. Between 1999 and 2007, U.S. in-shell peanut sales to the EU declined from 19,400 MT to just 7,600 MT, as European buyers could not justify the higher prices for U.S. product. As a result of these recent efforts to work more closely with customers, U.S. in-shell peanut sales to the EU recovered and reached 20,500 MT in 2009.
- **U.S. Sunflower Oil Exports to Canada Grow as a Result of MAP Trade Servicing:** MAP-supported trade servicing since 2006 has enabled the **National Sunflower Association (NSA)** to convince Canadian food processors and foodservice representatives of the benefits of using U.S. NuSun oil. NuSun oil is a new class of sunflower seed that has a higher oleic acid content and lower linoleic acid content than traditional sunflower oil. This improvement, accomplished through conventional plant breeding methods, makes NuSun oil a highly desirable product for frying applications and a healthy transfat-free oil alternative to traditional cooking oils. As a result, since this effort began nearly four years ago, seven food processors and five large restaurants have converted their oil usage to sunflower oil. U.S. exports of sunflower oil to Canada have increased from 500 MT tons in Oct-Sept 2004/2005 to 765 MT, valued at \$2 million in Oct-Sept 2008/2009. With NSA’s continued MAP supported market promotion efforts, U.S. exports of sunflower oil is projected to reach 1,500 MT in October 2009-September 2010, valued at \$1.7 million.
- **MAP Campaign Nearly Triples Spanish Appetite for U.S. Confection Sunflower Seeds:** In 2004, **NSA** kicked off a national point-of-sale campaign to promote U.S. confection sunflower seeds, using MAP, grower check-off, and industry dollars, in partnership with key Spanish snack roasters. Over

the past five years, NSA placed promotional and educational materials placed at points of sale in supermarkets, kiosks, soccer stadiums, and nut shops throughout **Spain**. They also launched a campaign of press releases, television and website advertising, bakery and pastry exhibitions, and trade servicing that positioned the U.S. sunflower seeds as a healthy and nutritious snack. As a result, exports of U.S. confection sunflower seeds grew from just over \$13 million before the 2004 campaign and have steadily increased to over \$33 million in 2009, making Spain the largest export market for U.S. confection sunflower seeds and accounting for 30 percent of the total U.S. confection sunflower seed exports.

- **Syrian Soy Imports Ramp Up U.S. Soy Purchases With the Help of the ASA'S Market Development Program:** Thanks to the training and trade servicing provided by MAP, FMD, and matching check-off funds, **Syria's** three major crushing plants, Anbouba and Akhras in Homs and Fadel in Hama, now crush predominantly U.S. soybeans, as Syria has quickly become the third largest importer of U.S. soybeans in the Middle East. These operations export soybean meal and soybean oil to Jordan, Lebanon, and Iraq. Syrian crushers chose U.S. soybeans on the basis of quality and, in turn, their customers expressed positive responses on the quality of Syrian soybean meal and soybean oil products. ASA-IM works with the Syrian crushers to help improve their ability to manage risk. This allows crushers to maintain their preference for U.S. product despite the volatile market environment and competition from other soybean producing countries. Syria imported an average of 374,000 MT of soybeans the past three Sept–Aug marketing years, two and a half times the 2005/06 level; 2008/09 U.S. soybean exports to Syria were valued at more than \$150 million.
- **Transfats Seminar in **Mexico** Highlights Benefits of U.S. Soybean Oil:** ASA-IM staff presented a seminar on trans-fats in San Luis Potosi, Mexico, funded by MAP, to demonstrate the advantages of soybean oil as a trans fat-free oil for use in the food and restaurant industries. Local consultants organized the presentations, which were attended by a mix of 90 food and restaurant buyers and potential buyers. Discussions covered current Mexican market trends toward trans fat-free products such as margarine and shortenings and the healthy aspects of soybean oil with its high Omega-3 and fatty acid content. Seminar participants learned that non-hydrogenated soybean oil contains no transfats, making it a wise dietary choice for those concerned with high cholesterol. The participants also visited McCormick Mayonnaise and Coral International Soybean Oil Refinery, two local companies that are already using U.S. soybean oil in the production of their products. McCormick is currently using 70 MT (valued at \$51,000) of soybean oil daily, and Coral is packaging more than 160 MT (valued at \$117,000) of soybean oil per day, all imported from Iowa and Illinois.
- **U.S. Soy Sales Grow with Rise in Russian Textured Soy Protein (TSP) Production:** Human nutrition is the fastest growing soy market in **Russia**, with production of TSP rocketing to more than 50,000 MT per year. An ASA-IM consultant met with Russian buyers of U.S. soy in Moscow and delivered a highly tailored series of lectures and workshops. One company successfully developed its TSP production facility through the assistance and cooperation of a company in Iowa. The consultant also visited another Russian company and helped with improvements that increased the facility's quality and efficiency. Aid to Russian TSP manufacturers, funded by MAP, helps ensure the preference for U.S. soybeans in the rapidly growing market, and provides valuable insight into how to increase TSP sales in other markets. Russian importers purchased more than \$46 million in total U.S. soy products in CY 2009.

## Pulses

**USA Dry Pea and Lentil Council** and the **U.S. Dry Bean Council** are the primary program participants building demand for U.S. pulses in foreign markets. Cool season pulses (CSP)—dry peas, lentils and dried chickpeas—are grown primarily in **Idaho, Washington, North Dakota** and **Minnesota**. About 70 percent of dry pea production is exported, 90 percent of lentil production and 40 percent of dried garbanzo production. U.S. exports of CSP were \$280 million in FY 2009, and **India, Spain, Saudi Arabia, Kenya, Ethiopia, Oman**, and **Canada**, are important markets. U.S. dry bean exports reached \$329 million in FY 2009, over a third of exports were destined for **Mexico, Canada**, the **United Kingdom, South Africa, Tanzania, Taiwan** and the **Dominican Republic** are also important markets. Overall, about 30 percent of U.S. dry bean production is exported in volume terms; however, in value terms exports represent about 40 percent of the crop. **California, Colorado, Idaho, Michigan, Nebraska, New York, Washington**, and **Minnesota** are significant producing states of many varieties of dry beans.

- **International Pulse Congress Builds Buyers Networks and Generates New Sales for U.S. Dry Beans:** U.S. participants in the 2009 Pulse Congress signed export sales contracts totaling \$9.65 million dollars as a direct result of this show. The USA – International Dry Bean and other Specialty Crops Congress, also referred to as the Pulse Congress, meets annually in **Mexico** and serves as a venue to facilitate networking between U.S. exporters and importers and processors from around the world. Last year, this MAP-supported event attracted over 200 buyers and sellers, who came together to discuss industry issues and make key connections that led to concrete sales. **The U.S. Dry Bean Council's** (USDBC) participation in this event is credited with helping to support the growth in U.S. dry bean sales to Mexico which increased from \$66 million in 2008 to \$118 million in 2009. Additionally, the show resulted in more than \$3 million of dry bean sales to buyers in other countries, including the **Dominican Republic** and **France**.
- **Good Relationships with European Buyers Generated Increased U.S. Beans Sales in the United Kingdom (UK):** Using MAP funding, the **USDBC** works to promote U.S. dry beans with canning giants, H.J. Heinz and Premier Foods. These companies typically meet about 50 percent of their bean canning requirements with U.S. navy beans. USDBC's interactions with the new purchasing director of H.K. Heinz (UK) built good business relationships with the canning industry leader, providing current crop quality and supply information, and dry bean nutritional information. Despite a 27-percent decrease in 2009 production and accompanying higher prices, this regular contact has maintained UK Heinz's purchases of U.S. origin navy beans, at 41,000 MT, valued at \$22 million.
- **MAP-Funded Reverse Trade Mission Results in Bulk Pea and Lentil Sales:** Supported by \$15,000 MAP funding, FAS Islamabad and the **USA Dry Pea and Lentil Council (USADPLC)** organized a Reverse Trade Mission where **Pakistani** pulse buyers met with 14 U.S. companies that supply peas and lentils. The trade team visited pea and lentil farms and processing facilities in **North Dakota, Montana, Idaho**, and **Washington** in August 2009. U.S. companies sold over \$5 million of U.S. peas and lentils as a direct result of this trade mission.



USA Dry Peas



USA Lentils



USA Chickpeas

Courtesy of the USA Dry Pea and Lentil Council



## Horticultural Products - Fruit and Vegetables

Over 20 program participants represent U.S. fruit and vegetables in market development programs, from nearly all 50 states, including the major growing areas of **California, Florida, Washington, Oregon, Idaho, North Dakota, Texas, New York, and Pennsylvania**. In FY 2009, U.S. fresh fruit exports reached \$3.5 billion, of which about 64 percent was destined to the top four markets of **Canada, Mexico, Japan and Hong Kong**; nearly 40 percent was exported to **Canada** alone. U.S. fresh vegetable exports reached \$1.9 billion with nearly 80 percent destined for **Canada, Mexico, Japan, and Taiwan** represented an additional 15 percent of total U.S. vegetable exports.

- **“California-Grown” Campaign in **Canada** Boosts Retail Sales and Raises Consumer Awareness:** The **California Pear Advisory Board (CPAB)** reports that weekly retail sales of **California**-grown produce jumped nearly four-fold in the summer of 2009 to \$1 million dollars, compared to the prior non-promotion week, shortly after conclusion of a three-week “California Grown” MAP funded promotion, conducted in leading Canadian grocery stores. The objective of the “California Grown” promotional campaign is to improve consumer perceptions of California-grown agricultural products, raise their profile in Canadian consumer media, and stimulate retail sales. Retail store participation in this project almost doubled in 2009 from the prior year, with nine national chains participating, including Thrifty Foods, Coleman’s, Sobeys, and Metro. CPAB reports that several chains have continued to use the California Grown logo even after the promotional events. On the consumer side, the program resulted in an independent media rating of 4.6 million Canadians “reached and favorably influenced” in 2009, a four-percent increase from the prior year. CPAB spent \$115,000 in MAP funds in Canada on this initiative in 2009. CPAB is planning another “California Grown” campaign in the summer of 2010 which will highlight California pears, cherries, kiwis, olives, table grapes, stone fruit (peaches, pears, apricots, and nectarines), wild rice, raisins, and wines.
- **California Pomegranate Exports Surge in Korean Market with MAP Support:** The **California Agricultural Export Council (CAEC)** reports that U.S. pomegranate sales continue to grow rapidly in **South Korea**, following the recent market opening supported by MAP-funded activities. South Korea assumed the position of the United States’ leading pomegranate export destination in 2009, accounting for more than \$14 million in sales during the calendar year, a 15-percent increase over 2008. The industry is speculating that long-term exports could reach \$20-25 million dollars annually. U.S. pomegranates were first introduced into the Korean market in September 2008 shortly after USDA/Animal Plant Health Inspection Service (APHIS) announced a new export protocol for Korea had been reached, after several years of bilateral dialogue and technical expert exchanges. MAP played a crucial role in funding the cost of bringing South Korean experts to California to visit growing areas, major producers, and government regulatory agencies. To date, CAEC, a MAP participant, has dedicated \$25,000 in MAP funds to address sanitary/phytosanitary and technical barriers to trade (SPS/TBT) issues related to pomegranate access in South Korea. In 2010, CAEC continues using MAP to support California pomegranate sales but shifted its focus towards building awareness of health and quality among South Korean consumers and retailers.
- **MAP Grows the China Market for Northwest Cherries:** In 2009, the fresh, sweet Northwest cherry market in **China/Hong Kong** grew to 945,656 cartons, with an estimated FOB plant value of \$26.5 million, up over 200 percent in volume compared to 2008. This made China the largest overseas importer of Northwest Cherries. Over the past five years, the **Northwest Cherry Growers (NWCG)** used MAP to increase fresh cherry exports to China from the states of **Washington, Oregon, Idaho, Utah, and Montana**, by over 300 percent in volume and over 200 percent in value. Northwest Cherry Growers have increased Chinese consumers’ exposure to product with expanded in-store promotion and sampling. In China alone, the number of outlets participating in the in-store sampling program more than doubled, from 97 outlets to 210. The in-store promotions directly increased shelf space at the retail stores, stimulated sales, and helped to increase brand awareness of Northwest cherries. Consumer surveys conducted in Shanghai and Guangzhou indicated that 37.2 percent of consumers made their decision to purchase Northwest cherries on impulse, citing the product demonstrations as having a strong influence on their decision and nearly half of Chinese consumers surveyed indicated they buy their cherries in the supermarket.

- **MAP Expands Sales of Northwest Cherries to Australia:** Australia consumed 281,353 cartons of fresh sweet cherries from the Northwest (**Washington, Oregon, Idaho, Utah, and Montana**) in the June-August 2009 cherry season, nearly doubling the previous 2007 record of 145,922 cartons. The export value increased from \$5.9 million to \$7.8 million over that two-year period, despite the 2009 global economic turmoil. Even more remarkable is that although the **NWCG** has been dealing with fumigation requirements by the Australian government for many years, the cost of that fumigation increased substantially in 2009. With uncertainty of how this would affect the volumes bound for Australia, NWCG used MAP funds to increase the number of in-store samplings throughout Eastern Australia and added in-store radio with the largest retail chain in Australia in order to increase the demand for Northwest cherries despite the higher price. The market responded very well, with a 150-percent increase in volume.
- **Northwest Pear Exports to India Set New Records:** **Oregon** and **Washington** state pear exports to India surpassed 2,400 MT and \$2.5 million dollars in the July-June 2009-2010 season. Despite facing a 30 percent tariff in the market, the **Pear Bureau Northwest (PBNW)** has successfully developed India from a new market in 2002/03 to a top ten export market for the industry. The MAP funded promotional program started as a trade only promotional program that targeted importers and retailers in Mumbai and New Delhi and has expanded to include consumer and trade promotions in all major cities in India. PBNW has built importer and retailer confidence in handling their pears through MAP funded buyer missions to the growing districts and technical care and handling seminars. PBNW has been able to increase consumer preference for U.S. pears through MAP funded in-store promotions and advertising. The highlight of the promotional program was the 2009 U.S. Fresh Fruit Showcase, a MAP-funded, joint promotional activity for U.S. pears, apples, stone fruit, and grapes. This promotion was conducted from October to mid December 2009 with several leading retailers. The participating groups reached over 42,500 consumers, educating them about U.S. fruit origin, varieties, health benefits and other product attributes.
- **Northwest Pear Exports to Russia Reach Record Levels:** Despite the economic downturn, the weaker Russian ruble, and a smaller Northwest (**Oregon** and **Washington**) pear crop in 2008/09, Northwest pear exports reached 6,615 MT worth \$7.01 million in value, (just slightly below the record level in 2007/08 **PBNW** marketing year). The Russian market is the Northwest pear industry's top export growth market. Six years ago, the Russian market was seen as a low-grade, big-size market in Western Russia and a medium-size and mid-grade market in the Russian Far East. In the past three to four seasons, there has been an evolution of the market to accepting a greater range of sizes, grades, and varieties in both regions of Russia. This change was brought about through a wide-range of PBNW MAP-funded activities conducted over the years: trade outreach activities; importer trips to the growing regions in Oregon and Washington and to the Produce Marketing Association trade shows; shipper trips to the Russian market; PBNW booths at the World Food Moscow and Fruit Logistica trade shows; trade education activities to help importers properly handle the new varieties and higher grades of pears; and consumer promotions and advertising, that helped build the demand for these new varieties and higher grade pears.
- **MAP Promotions Increase U.S. Canned Fruit Exports to Canada:** The **California Cling Peach Board (CCPB)** reports that program year 2008/09 (July-June) saw the total value of members canned fruit exports to Canada increased by 66 percent to \$33 million. Canada is the leading market for the export of California canned peaches, fruit cocktail, and U.S. Bartlett pears. This overall increase included a 17-percent increase in the export value of canned peaches, a 95-percent increase in exports of fruit cocktail, and a 91-percent increase in the value of U.S. Bartlett pears. CCPB attributes this success to its participation in the Market Access Program (MAP). Utilizing MAP funding, CCPB conducted canned fruit promotions with five grocery chains in 470 retail outlets in western and eastern Canada.
- **Ginseng Board of Wisconsin (GBW) Rebuilding Their Market in China:** **GBW** recently selected a sole distributor in China for sales of Wisconsin Ginseng, sold with their quality Seal. The Wisconsin Ginseng Seal has long been recognized in China as representing high quality ginseng. However, over the past decade, the seal has been trade-pirated to the extent that consumers are not sure if

they are buying genuine Wisconsin ginseng when they purchase product with the Wisconsin Ginseng Seal. In order to gain control of the Seal, the industry signed a distributorship and trademark licensing agreement with Tong Ren Tang for exclusive use of the seal for genuine Wisconsin Ginseng products sold in China. As a result of this partnership, U.S. CY 2009 ginseng exports to China reached \$7.8 million, a 21-percent increase over the previous year. The Wisconsin ginseng industry had suffered major losses in this market, and the industry was not able to conduct marketing activities for a number of years. Thanks to MAP funds, the GBW has been able to conduct market research to identify market opportunities, bring in trade missions and begin rebuilding the market. Without these funds, this new partnership with Tong Ren Tang would not have been possible.

- **U.S Apples Benefit From the U.S.-Peru Free Trade Agreement (FTA):** The U.S.-Peru FTA, which went into effect on February 1, 2009, has helped move exports of **Washington** apples from only a few containers a year to exports valued at \$873,000. The July-June 2009/10 export growth of 170 percent over the previous season is a direct result of implementation of the FTA, which reduced tariffs for Washington apples from 15 percent to zero. The tariff elimination for Washington apples increased the sales window from 2 to 5 months, because it improved U.S. apples competitiveness with Chile, the region's main supplier. Peru had been a good market for Washington apples in the mid-1990s, however, with the increase in Chilean apple production, shipments of Washington apples had dropped to only a few containers a year. The **Washington Apple Commission** followed this tariff elimination with MAP funded in-store sampling and merchandizing, which boosted exports dramatically. The FTA has opened new opportunities, and this upcoming season Washington apples, with the help of MAP funds, are on track to ship record exports to Peru.
- **Persistence Pays Off for U.S. Tart Cherries in Japan:** The **Cherry Marketing Institute (CMI)** has used MAP to participate in the U.S. Pavilion at Japan's preeminent food and beverage show, FOODEX. After six years of presence in the market, U.S. tart cherries are now being sold in fresh produce sections of Japan's supermarkets. In addition, the largest over-the-counter marketer of herbal remedies has four tart cherry tables and capsule products under development. Seven supplement producers placed orders for tart cherry concentrate in bulk as a direct result of CMI's 2009 FOODEX participation. CMI's participation has also encouraged several of its processors to participate, with three attending in 2009.
- **California Cherry Industry Reverses Declining Sales in Japan:** In 2008 and 2009, the **California Cherry Advisory Board (CCAB)** used MAP to reverse the trend of Japanese retailers to market smaller, lesser quality cherries, which had hurt the U.S. cherry industry image. As demand for California cherries has increased around the world, prices have increased. However, Japanese retailers have been unwilling to pass on the price increases, instead opting to stock smaller, lower-quality, cheaper-priced cherries. The fact that consumers are receiving a lesser quality fruit has hurt the exports of California cherries to Japan, the industry's largest export market. With MAP funds, **CCAB** conducted a retail test with a major national Japanese retail chain during the 2008 season to demonstrate the profitability of marketing higher-quality U.S. cherries. In 2009, CCAB communicated the findings of this retail test to major Japanese retailers. CCAB convincingly demonstrated to the Japanese retailers that they could continue to make a profit with the higher-priced but higher-quality U.S. cherries. This effort resulted in more than half of targeted retailers stocking larger-sized fruit and with associated sales value increases. In 2009, California cherry exports to Japan rose 1 percent by volume, with a sales value of \$48.5 million, marking a notable reversal.
- **Trade Mission Helps Jump Start California Cherry Exports to China:** Using MAP funds, the **CCAB** brought an industry trade mission to Beijing, Shanghai, and Guangzhou, China, shortly before the 2009 California cherry season. The purpose of the trip was to meet with buyers and to educate them about California cherry availability, varieties, pack sizes, and harvest timing. This trade mission generated significant benefits during the 2009 cherry season, as direct sales of California cherries to China grew six percent in volume and 22 percent in value, to reach 29,000 18-lb. boxes, worth \$1.3 million. The CCAB expects that this mission will continue to generate sales to China into 2010 and beyond.

- **MAP-Funded Promotions Create Niche Market for California Grapes in China:** California Table Grape Commission (CTGC) consumer advertising, communications, in-store promotion, and merchandising support have grown China into the industry's third largest export market. MAP funding has also expanded the geographic area in which California grapes are available. In 2008, California grapes were available for the first time in two cities within the Pearl River Delta (Zhuhai and Zhongshan) and in Hangzhou. These cities were again targeted in 2009, along with the appointment of a full-time merchandiser in Hangzhou, as these cities continue to offer an opportunity for growth. When taking into account the transshipment of California grapes from Hong Kong into China (62.5 percent of the volume to Hong Kong moves into mainland China, according to the World Trade Atlas), California grape exports to China in 2009 were 23,774 MT, valued at \$45.9 million, a slight decline from 2008 (23,973 MT), despite the pressure of large volumes of Chinese grapes available during the same season as California grapes.
- **MAP Helps to Increase Mexican Demand for California Kiwifruit:** In the July-June 2008/09 marketing year, California Kiwifruit sales to Mexico totaled over \$17 million, topping all other export destinations and exploding past last season's total sales of nearly \$7 million. U.S. sales to Mexico comprise more than 15 percent of U.S. kiwifruit exports worldwide. With the assistance of MAP funds, the California Kiwifruit Commission (CKC) is able to provide technical and merchandising support that the importers point to as crucial to their ability to expand the sales of the product. The CKC shippers are relatively small companies that cannot provide the in-market support on their own.
- **MAP Activities Help California Kiwifruit Sales Double to Canada:** California kiwifruit sales to Canada skyrocketed during the July-June 2008/09 marketing year, increasing 270 percent over the previous year, 402,250 trays were exported valued at \$8.4 million, compared with 148,855 trays valued at \$3.1 million in 2007/08. CKC identified that product inquiries were increasing in Canada, and with the assistance of MAP funds, conducted research in the market and hired a representative. The research reported that Chinese product was losing favor with the trade and retailers and that the more consistent quality of the California product, combined with the in-market support for promotions, were a strong incentive to switch suppliers. As a result, the California industry made a marketing push and exports expanded dramatically. In 2008/09 the Canadian market represented more than 7.4 percent of CKC's total sales, compared with an average of 2.5 percent the previous three seasons.
- **MAP Helps Increase Florida Grapefruit Exports to Japan:** The Florida Department of Citrus (FDOC) reports that Florida grapefruit exporters shipped 6.3 million cartons of fresh grapefruit in CY 2009, a 5-percent increase in volume over the previous year. More importantly, export value reached \$92 million, exceeding the prior year by 54 percent. MAP played a major role in supporting FDOC promotional efforts in Japan. FDOC used a combination of sales promotion, advertising, and public relation events to stimulate sales. The multi-dimensional program allowed FDOC to educate the Japanese trade community and consumers about the attributes of Florida grapefruit, building demand and purchase continuity for the product. The Florida citrus industry has over 8,000 growers and employs more than 76,000 people, providing a \$9 billion annual economic benefit to the state.
- **Sunkist Lemons Gain Popularity in China and Hong Kong:** MAP-funded promotions in 2009 helped increase Sunkist lemon sales in China and Hong Kong 195 percent compared to 2008. A Sunkist lemon television commercial, which aired in Hong Kong and China during January and February 2009, had a substantial impact, tripling lemon sales in that two-month period. In March through May, a series of cooking classes highlighted the versatility of lemons and resulted in media coverage reaching approximately 11 billion consumers. Lemon sales at Hong Kong retailers Wellcome & ParknShop increased dramatically during two ten-day in-store lemon promotions in April and May. Lemon sales at Wellcome increased by 165 percent in April and 56 percent in May, while sales at ParknShop jumped 216 percent on large lemons and 56 percent on small lemons in April, increasing an additional 171 percent on all sizes in May. Total Sunkist lemon exports for the China/Hong Kong region were \$72.9 million in 2009. Sunkist is a leading supplier of fresh fruit and the oldest operating citrus cooperative in America, owned by 6,000 citrus growers across California and Arizona; Sunkist growers represent about 90-92 percent of U.S. lemon and orange production annually.



- **California Strawberries Increasingly Popular in Japan:** In 2008 and 2009, the **California Strawberry Commission (CSC)** shifted its marketing strategy in Japan from focusing on frozen strawberries to fresh product. MAP-funded in-store promotions, sampling, and demonstrations, along with a technical trade seminar addressing category development and the health benefits of strawberries, resulted in two to four-fold sales increases for major Japanese retail grocery chains in 2009. In one case, an international wholesale membership chain began to import, market, and promote California strawberries for the first time after they attended a CSC technical seminar in May 2009. Working closely with the CSC in-country trade representative, they planned an in-store sampling demonstration to kick off a three-day chain-wide promotion in July. During that period, the retail chain reported selling 1,527 cases of California strawberries at nine stores; an increase of 260 percent over the same period in the previous year after the first week of importing the fruit. The chain also reported additional sales increase over the previous year of 210 percent over a month after promotions ended. Exports of U.S. fresh strawberries to Japan in 2009 were 5,268.5 MT, valued at just over \$25 million. The volume of fresh U.S. strawberries exported to Japan increased by 40 percent, and the value of those exports increased by over \$2.5 million in 2009, compared to 2008. Total California fresh strawberry exports reached \$292 million in 2009. California has an estimated 600 growers and handlers of fresh, frozen, and processed strawberries, and there are over 80,000 farm workers involved in the growing and harvesting of California strawberries.
  
- **MAP Helps U.S. Apple Export Council (USAEC) Maintain Presence in the United Kingdom (UK):** MAP-funded activities have helped shippers in **New York** maintain good, competitive returns for apple exports to the United Kingdom (UK) in July-June 2008/09, despite a crop almost half of its normal size, a global economic meltdown, and a price war between the top retailers in the UK. **USAEC's** marketing activities such as in-store product sampling and merchandising helped to keep movement of the USAEC Empire apple at a good pace – including an increase in Empire movement of over 250 percent over the prior month as a result of these activities. This boost provided by marketing efforts allowed USAEC exporters to keep pricing at or near the previous year's levels, while other varieties and origins saw their pricing drop sometimes to less than 50 percent of the prior year levels. Using MAP funds that were matched by the industry, the USAEC was able to run promotions with the top five UK retailers highlighting New York's high-quality, and successfully maintained high prices, usually seen only in much better market conditions. As a result, USAEC exports to the UK in July-June 2008/09 were over \$4 million.
  
- **Post Cereal in South Korea Adds Cranberries Due in Part to the Quality Samples Program:** Since 2006 the **Cranberry Marketing Committee (CMC)** has conducted a consumer and trade promotional program in South Korea with the assistance of MAP funding. To compliment this effort, the CMC also utilizes funds from the QSP to provide food manufacturers with dried cranberries for product development tests. In early 2008, the CMC used QSP funds to provide two boxes to the Post cereal company. As a result, in October 2008, Post launched a cranberry and nut cereal, with a subsequent national advertising campaign in May 2009. The advertising campaign highlights a popular girl band in Korea, which helps the company maximize exposure for and recognition of this product. Due to the product's success in the market, Post plans to use approximately 5 MT of dried cranberries every month, valued at about \$385,000 annually, sourced from a prominent U.S. supplier. The company expects sales to remain consistent or grow in the future. Cranberry exports to South Korea reached \$2.14 million in September–August 2008/09.
  
- **Television Advertising Increases Visibility of California Prunes:** The **California Prune Board (CPB)** reports that consumer awareness of California prunes has been steadily increasing in **India**, developed with the assistance of MAP-funded promotion activities. California prune ads aired for one month prior to the fall festival of Dial (India's largest dried fruit gifting season) on New Delhi television channel Goodtimes, India's leading lifestyle channel with a viewership of two million upper class and upper middle class consumers. CPB indicates that this advertising campaign increased product awareness of California prunes among the targeted consumer base to 65 percent. Total California prune exports to India in July-June 2008/09 were 231 MT, up 262 percent over the previous year to \$490,000, and up 149 percent in value. Most major retailers in India have now started including California prunes as a part of their regular dried fruit/health food SKUs, placing the products on retail

shelves in the health food section. This is an ideal location for product sampling and in-store promotions of a healthful, nutritious product like California prunes.

- **California Prunes Sales Increased in Japanese Drug Stores:** CPB successfully introduced California prunes into the Japanese drug store market in 2008. This marketing strategy addressed the rapidly aging population, focusing on the health and beauty benefits of California prunes. In the fall of 2009, when the H1N1 influenza concerns subsided, CPB conducted a display contest in 130 Ito Yoked stores, Japan's largest supermarket chain, to increase traffic to the drug store sections. As a result, product volume in October and November surged by 58 percent and 39 percent, respectively, compared to the previous year. This promotion stimulated other drug store chains, such as HAC (250 outlets) and Korindo (300 outlets), to display generic CPB POS materials, such as brochures, posters, and mini flags. Consequently, prune exports in the month of November soared by nearly 60 percent in volume and over 20 percent in value, compared to 2008 levels. This expansion into Japanese drug stores has continued. By March 2010, California prunes were sold nationally in more than 4,000 of the 13,000 chain drug stores and in 3,000 of the 10,000 independent drug stores.
- **Market Development Programs Help U.S. Potato Exports Exceed \$1 Billion in 2009:** Citing the important contribution of the MAP, the **United States Potato Board (USPB)** reports that U.S. potato and potato product exports have exceeded \$1 billion for the second year in a row (\$1.16 billion in CY 2009) despite the world economic slowdown, and only slightly down from the 2008 record breaking \$1.18 billion in exports. Over the past five marketing years, U.S. potato export value has increased 55 percent; exports now account for over 15 percent of the total value of U.S. potato production. In addition to MAP, USPB is an active participant in the Quality Samples, Emerging Markets, and Technical Assistance for Specialty Crops programs. USPB received \$5.1 million in MAP funds in program year 2010, which it is directing towards a strategically integrated set of activities in a wide range of targeted markets including **Canada, Japan, Mexico, Hong Kong, and Taiwan**. USPB activities will include consumer promotions, trade education, advertising, and technical assistance.

## Horticultural Products - Nuts

**The Almond Board of California, Blue Diamond Growers, California Pistachio Export Council, Cal Pure Pistachios, and the California Walnut Commission** are the primary program participants building demand for U.S. tree nuts in foreign markets. U.S. tree nut exports were \$3.4 billion in FY 2009, with 57 percent of the exports going to the markets of **Hong Kong, Spain, Germany, Canada, India, Japan, Belgium-Luxemburg** and the **Netherlands**. Virtually all the nation's almonds, pistachios and walnuts are grown in **California**. Pecan production in **Georgia, New Mexico** and **Texas**, represent about three-quarters of the annual U.S. crop.

- **U.S. Pecan Exports to China Surge with Support of MAP and QSP Programs:** CAEC reports that the MAP and QSP have helped boost U.S. exports of pecans to China to \$90 million in CY 2009; a six-fold increase since 2006. During this period, U.S. market share of pecans in China reportedly grew four-fold, to 80 percent of the market. While the Chinese buy a wide variety of pecans and other tree nuts from the United States, they prefer importing "in-shell" pecans, that are roasted and cracked locally by snack food manufacturers and are often infused with region-specific flavors and seasonings. Hypermarkets, such as Wal-Mart in Guangdong Province, are reportedly the retail outlets for these value-added snacks. In addition to ongoing MAP activities dedicated to pecans, CAEC will utilize \$75,000 in QSP funding this year to provide in-shell pecan samples to Chinese food technologists in the snack food sector. CAEC will also provide technical assistance to help local stakeholders determine the type of U.S. pecan varieties best suited for various region-specific flavorings. To date, CAEC has expended approximately \$60,000 of MAP funds in China to support in-shell pecan market promotion efforts.
- **California Walnut Exports Increasing to South Korea and Japan:** The **California Walnut Commissions (CWC)** innovative "Product of the Year" campaign has expanded the Korean market for walnuts, and new product introduction revitalized the Japanese market. U.S. exports of walnuts to

Korea reached a new record in Sept-Aug 2008/2009 of 17 million shelled pounds, valued at \$35 million. CWC began the “Product of the Year” program in 2007 which soon became one of their most popular industry events. Through these activities, the non-bakery sector, excluding the retail market for plain walnuts (which was about 2 million pounds in 2007), has grown to 5 million pounds in 2009. This market segment now represents about 26 percent of the total California walnut market, up from about 15 percent in 2007. In Japan, where it is estimated that 70 percent of imported California walnuts are consumed in the bakery and confectionary industry, introduction of new walnut breads helped revitalize sagging sales. Walnut exports to Japan were valued at \$43.6 million in Sept-Aug 2008/2009. CWC conducted tie-in promotions with most of the top bakery companies; walnut usage volume during the promotion increased by 75 percent from the same months of the previous year and by 119 percent from the previous months in the same year.

- **California Walnut Commission Makes Progress in Meeting European Union (EU) Product Health Claim Requirements:** CWC has successfully received a positive opinion from the European Food Safety Association (EFSA), the organization implementing the EU’s 2007 Health Claim Regulation. This regulation requires human test results to substantiate any product health claims. In the spring of 2010, EFSA published a positive opinion on alpha-linolenic acid (ALA is a plant based Omega-3 fatty acid) and its effect on blood cholesterol. This opinion will enable the CWC to utilize the ALA claim to support heart health statements pertaining to cholesterol. The EU is a very important market for California walnuts, representing about 49 percent of the industry’s in-shell exports and 31 percent of shelled exports. Total U.S. walnut exports reached \$1.1 billion in crop year 2009 (Sept-Aug). CWC uses MAP to educate consumers on the benefits of including walnuts in their diet, with a specific emphasis on health attributes. The 2007 EU regulation is a very expensive and difficult standard to meet, and a claim denial would severely limit any product’s ability to market or use any health-related statement on a label. CWC still has a number of health claims pending. The ALA claim approval is particularly significant given that 88 percent of the EFSA opinions issued thus far on generic claims were negative.
- **Organic Walnut Exports Grow as a Result of MAP Activities:** Family-owned Dixon Ridge Farms, (Winters, **California**) one of the nation’s leading organic walnut grower/exporters, recently shipped its first container of walnuts to the **Netherlands**, worth \$179,226. The sale was reportedly the direct result of a trade contact made at the 2009 “All Things Organic” Reverse Buyers Mission, an activity funded by MAP. Dixon Ridge Farms depends upon exports for over half of its annual sales. While **Japan** remains the company’s largest foreign buyer, recent contacts made through participation in the **Organics Trade Association’s** market development program events have begun to open new international markets in **Italy, Australia, Taiwan, and Canada**. Dixon Ridge indicates that exports have grown from 30 percent of its sales to 54 percent in the past three years.
- **China Becomes the Second Largest Market for California Almonds:** The **Almond Board of California (ABC)** reports that stellar growth in export shipments to China propelled the world’s most populous nation to the second largest export market for California almonds in CY 2009, surpassing Germany for the first time. Total California almond exports to China doubled from 2008 to 2009, reaching 156 million pounds. The corresponding export value increased 70 percent, reaching \$282.9 million and supporting an additional 930 jobs in the United States. In fact, 2009 marked the fourth consecutive year of record California almond exports to China and the second year in a row in which the export volume to China doubled. ABC’s MAP-funded consumer promotion and trade education activities helped increase consumer product awareness and increase food industry demand. ABC represents the interests of 6,000 growers and 100 processors, many of whom are multi-generational family operations.
- **Demand for California Almonds Soars in South Korea:** **ABC** reports that California almond exports to South Korea in CY 2009 set an all-time record on a volume basis, reaching 25.9 million pounds, a 58-percent increase over the previous record volume of 16 million pounds in 2008. The corresponding 2009 export value increased 41 percent over 2008, reaching \$50.3 million. MAP-funded activities were instrumental in this increase as the California almond industry used these funds for proactive consumer programs disseminating messages about almond health benefits. In order to measure the progress of this consumer program MAP funds were also used to conduct

consumer research. The results show that the communication efforts on the health and nutrition benefits of California almonds has made a difference in the Korean consumers' perception of almonds; shifting from a salty snack to eat with alcohol to a nutritious food that fits perfectly into the well-being lifestyle trend that is a huge consumption-driver in South Korea.

- **Blue Diamond Successfully Partners with FAS at Dubai Food Show: Blue Diamond Cooperative** reports that approximately 170 trade leads were generated at the Dubai Food Trade Show in 2008, resulting in over \$3.5 million in new almond sales. Blue Diamond cooperative represents smaller **California** almond growers averaging 50 acres. Blue Diamond used MAP funds to introduce hundreds of otherwise hard-to-find potential customers from small Middle Eastern countries to Blue Diamond almonds. Portending future sales, customers who visited the booth were reportedly keenly interested in information about the use of almonds in manufactured products and snacks. Over the last five years, U.S. almond exports to the **Middle Eastern** region have increased over 90 percent, reaching nearly \$200 million.
- **California Pistachios Gaining Popularity in Japan:** Exports of California pistachios to Japan in CY 2009 reached 2,950 MT, valued at nearly \$14 million. This represents a 36 percent increase in quantity and a 25 percent increase in value over 2008 levels. The **California Pistachio Export Council** is promoting pistachios in retail outlets' fresh produce areas as low fat, high fiber, healthy food. Point Of Sale (POS) materials identify U.S. origin with quality product. Implementing cooperative promotions with the dried fruit and nut division of Royal, a leading importer of vegetables and fruits in Japan, resulted in initial imports of three containers of product in 2009. The company plans to import more than double that amount in 2010. In addition, CPEC's work with Daiei, one of Japan's major supermarkets, has resulted in California pistachios reportedly becoming their number one seller among dried fruits and nuts in their stores.

## Live Animals and Plant Genetics

**U.S. Livestock Genetics, Inc. (USLGE)**, conducts market development programs for the U.S. dairy, beef, sheep, swine and horse breeding industries. USLGE represents 24 breed associations, the embryo and semen industries, and 15 State Departments of Agriculture from the leading livestock producing states of **Colorado, Florida, Illinois, Kansas, Maryland, Missouri, Montana, Nebraska, New Mexico, Ohio, Texas, Vermont, Virginia, Wisconsin** and **Wyoming**. In FY 2009 U.S. bovine semen exports were \$99 million and the major markets were: **Mexico, the United Kingdom (UK), Brazil, Japan, Iran, Canada, Argentina** and **Saudi Arabia**. Exports of U.S. breeding horses reached \$47 million, primarily destined for **Japan, UAE, the Netherlands, Australia, France, Canada, Venezuela** and **South Korea**. Breeding dairy cattle exports were \$41 million, of which 87 percent went to the four top markets of **Saudi Arabia, Mexico, Egypt** and **Canada**. U.S. exports of swine reached \$12 million, about half the exports were destined to **China. Mexico, Canada, South Korea, Japan** and **Vietnam**, are also important markets. Exports of bovine embryos were valued at \$9 million in FY 2009, **Japan, the Netherlands, the UK, China, Germany, Australia, France** and **Russia** are important markets. Beef breeding cattle exports were \$7.5 million with about 90 percent of the exports destined for **Mexico, Russia** and **Canada**.

- **U.S. Livestock Genetics Export, Inc., (USLGE Activities Open China Market for U.S. Equine Exports:** USLGE and its horse breeder members used both FMD and MAP funds to participate in the Third China Horse Fair that took place in Beijing, China, in October 2009. The China Horse Fair is one of the most important horse industry events in China and is supported by the Chinese Horse Industry Association and the Chinese Equestrian Association. The China Horse Fair attracted more than 2,000 visitors along with exhibitors from several competing countries. This was the first time USLGE and the U.S. horse breed associations participated in this event, disseminating information on the American Miniature Horse Association, Appaloosa Horse Club, Arabian Horse Association, Pinto Horse Association, **Tennessee** Walking Horse Breeder's Association, American Quarter Horse Association, American Paint Horse Association, and **Kentucky** and **Florida** Thoroughbred Owner's and Breeders.

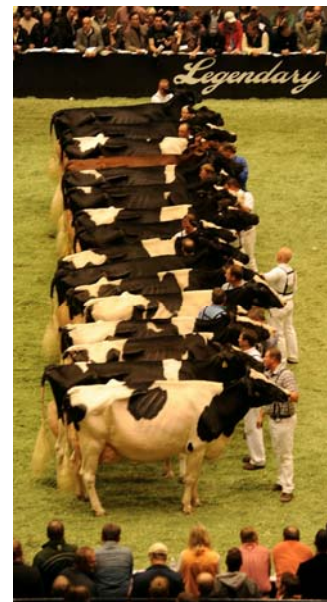


The reaction to the U.S. breeds highlighted how much trade servicing is needed to educate the Chinese buyers about U.S. horse breeds. The visitors were impressed by the colors of the American Paint horses and the muscle and athletic ability of the American Quarter Horse and expressed strong interest in buying horses from the United States. Following the event, USLGE assisted Chinese importers interested in purchasing horses by providing follow-up information and helping arrange U.S. visits. As a result, 14 U.S. horses have been exported to China in July 2010. The estimated value of the horses and shipping is over \$400,000. Chinese demand for imported horses for equestrian sports is expected to increase five-fold over the next five to seven years.

- **MAP Supports Steady Growth of French Market for the American Paint Horse:** Since 2003, **USLGE** has used MAP funds to promote American Paint Horses in **France**. There has been a strong and steady growth in exports which would not have been possible without the MAP. The American Paint Horse Association (APHA), a member of USLGE, helps develop and support in-country breed associations. In France, APHA has helped current and future Paint Horse owners with registrations, transfers, stallion breeding reports, and conducts activities to promote the breed. A key strategy for developing the popularity of a breed is to bring U.S. judges for foreign horse shows. The reputation of American judges gives shows legitimacy and increased entries. These shows drive breeding and training programs, memberships, and transfers, leading to increased demand for imports of good quality horses. Horses bred and trained for competition are then sold to the larger recreational market that is primarily looking for well-trained riding horses. Bringing in American judges had an enormous effect on the French market and raised the breed quality.

The French are now buying and training young horses in the United States, and importing them as older horses for showing and breeding. The French Paint Horse Association (FPHA) offers educational clinics, which have become an important element of APHA's marketing strategy in France and are made possible in part by USLGE and the MAP funds. APHA's active involvement in the French market sends a strong signal to current and future Paint owners. The association is proactive and concerned about the satisfaction of its members and the well-being of the Paint community. France has imported over \$44 million worth of U.S. horses in the 2003-2009 timeframe. France is one of the APHA's greatest success stories, made possible with the support of USLGE.

- **FMD Results in Holstein Cattle Sales to **Russia**:** The Holstein Association USA, a member of **USLGE**, used FMD funds to bring a livestock genetics importer to the 2007 World Dairy Expo and to Holstein headquarters in 2008. During these two visits, preliminary meetings addressed the possibilities of exporting U.S. dairy cattle and embryos to Russia once the market opened. This importer has an extensive pool of clients across Russia, who are expanding their dairies. In coordination with the importer, the Holstein Association brought a team of 18 Russian large dairy owners/buyers to tour the **Wisconsin** dairy industry and to attend the 2008 World Dairy Expo. This was combined with two days of intensive dairy herd management training for large Holstein herds and sessions on how to organize large dairies into manageable enterprises. The mission included a visit to a successful large dairy farm and provided the opportunity for them to see cutting edge technology and equipment. Some of the visitors made contacts and arranged to import U.S. machinery and equipment into Russia. As a result of this visit, 863 head of cattle were purchased and shipped in 2009, valued at approximately \$1.8 million. Approximately \$66,000 of FMD funds were used for Holstein activities in Russia.



Courtesy of World Dairy Expo

The **American Seed Trade Association (ASTA)** is the primary program participant building foreign demand for U.S. planting seeds. ASTA represents 850 companies that are directly involved in seed production, distribution, and research and development, that provide products or services for the seed industry, and that produce or distribute seed outside of North America. Ninety-two percent of ASTA's active members are small businesses that report annual sales of less than \$16 million. As an authority on plant germplasm, ASTA promotes science based regulations and policies, nationally and internationally; provides education on new technologies; helps develop and support foreign national and regional seed trade associations to facilitate substantive dialogue on germplasm related policies and issues. These activities have the combined objective of expanding the exports of U.S. planting seeds. U.S. export of planting seeds in FY 2009 reached \$1.25 billion, with \$475 million exported to the top markets of **Canada** and **Mexico**. The **Netherlands, Austria, Japan, Spain, China** and **France** imported an additional \$335 million.

- **Mexico Adopts Dry Test Method for Sorghum Ergot:** Utilizing MAP funds, the **American Seed Trade Association (ASTA)** has successfully overcome a restrictive phytosanitary testing requirement on U.S. soybean seeds entering Mexico. About a third of total U.S. planting seed exports are destined for Mexico. Sorghum ergot, a fungal pathogen subject to quarantine, was first detected in 1997. Mexican positive test results had precipitated millions of dollars in losses, as shipments of soybean seeds are destroyed or returned to the United States. The pest risk assessment project supported by MAP resulted in Mexico's acceptance of the use of the dry test method, considered to be much more reliable than their previous floatation test method. Mexico is in the final stages of removing U.S. origin seeds from their sorghum ergot quarantine list. This is expected to re-open Mexican market to U.S. soybean seeds. In 2009, U.S. export sales of planting seeds to Mexico were valued at \$107 million.
- **International Plant Protection Convention (IPPC) Adopts International Trade Seed Standards:** With FMD support, the **ASTA** paved the way for the adoption of an international trade standard that would facilitate the global movement and flow of planting seeds. Created in 1952, IPPC is an international agreement, between 173 countries (including the United States), that protects domesticated and wild plants from the introduction and spread of pests. The new IPPC standard is expected to provide general guidelines on how to interpret and apply existing IPPC rules to seeds, and on setting harmonized phytosanitary import requirements, seed testing methods, and other important information for the regulation of seed trade. In the meantime, ASTA is also pursuing a similar effort to develop a parallel science-based standard with the North American Plant Protection Organization (NAPPO), a regional organization of private and public sectors in North America, to resolve seed trade issues in the region. NAPPO can then propose the seed standards for IPPC adoption which could take less time to accomplish than going through the IPPC process. Total U.S. export sales of planting seeds to the rest of the world were valued at \$633 million in 2009.

## Dairy Products

The **U.S. Dairy Export Council** is the primary program participant building demand for U.S. dairy products in foreign markets. There are about 50,000 dairy farmers in the United States and hundreds of thousands more jobs supported by dairy cooperatives, processors, traders and others in the industry. The largest milk producing states are **California, Wisconsin, New York, Idaho**, and **Pennsylvania**. About 50-70 percent of U.S. lactose production is exported, along with 50 percent of whey, 25-45 percent of nonfat dry milk and 2-3 percent of U.S. cheese production. In FY 2009, U.S. dairy exports were \$2.3 billion with over half going to **Mexico, Canada, Japan** and **China**.

- **U.S. Dairy Export Council (USDEC) Reverse Trade Mission Sparks Saudi Company Interest and Purchase of U.S. Dairy Products:** USDEC, using about \$86,000 in FMD funding, invited representatives from nine Middle Eastern dairy manufacturing and trading companies to the United States to teach them about the availability and functionality of U.S. dairy ingredients. The team attended the Dairy Ingredient Symposium in San Francisco, and heard presentations on scientific research and marketing trends in the dairy industry. USDEC arranged for U.S. suppliers to meet with each of the Middle Eastern participants to discuss the availability and attributes of a wide range of

U.S. dairy products. The group also toured dairy plants in **California** and **Idaho**. Following the mission, a **Saudi Arabian** company developed relationships with several U.S. suppliers and began the plant approval process, making several trips to the United States to inspect suppliers' plants. In February 2010, the Saudi company placed an order for 7,200 MT of sweet creamery butter, 6,600 MT of unsalted lactic butter, and 1,800 MT of frozen cheddar cheese from seven U.S. suppliers, worth nearly \$55 million. Moreover, the Saudi company is one of the largest integrated dairy foods companies in the Middle East and an influential force among the region's dairy processing and food distribution companies. Local industry sources note that a purchase of this magnitude will spark interest in U.S. dairy products throughout the region.

- **Spurred by USDEC Activities, Thai Company Now Sourcing Whey Protein Concentrate 34 Percent (WPC 34) from U.S. Suppliers:** Trade servicing, funded by MAP and FMD, is the foundation of **USDEC's** strategy in target markets to build awareness and educate the trade about the quality and availability of U.S. dairy products. Regular visits with industry members have developed strong relationships between USDEC and end-users abroad and have enabled USDEC to monitor market situations, including imports, distribution, quality issues, supply and demand trends, and general concerns. USDEC's representative in Southeast Asia visits with current and potential importers and buyers of U.S. dairy ingredients several times a year. As a result of these visits and participation in other USDEC events such as the 2008 Dairy Industry Outlook Seminar, one of **Thailand's** major infant and child nutrition products manufacturers began importing WPC 34 in the fourth quarter of 2009 from two U.S. suppliers. The Thai purchase totaled 3,500 MT valued at approximately \$5.6 million. In the past, the Thai company sourced WPC 34 from a New Zealand supplier. Moreover, the company has informed USDEC that it is searching for additional U.S. suppliers of the product to meet its sizable needs.
- **USDEC Introduces New U.S. Varieties of Artisan and Specialty Cheeses in **Japan** With MAP Funds:** In 2009, **USDEC** conducted successful trade servicing activities, seminars, and promotions to introduce U.S. varieties of artisan and specialty cheeses in the Japanese market and to strengthen relationships between U.S. cheese suppliers and Japanese buyers. The introduction of U.S. artisan and specialty cheeses is an important strategy to raise the profile of U.S. cheeses and improve product image relative to competitor offerings. As a result of the combined MAP funded activities, a major Japanese distributor of table cheese purchased \$100,000 worth of artisan and specialty cheese, from July-December of 2009.
- **USDEC's Trade Activities in **China** Boost the Use of U.S. Mozzarella:** In 2009, **USDEC** used MAP funds to educate the trade in China about the high quality and availability of U.S. mozzarella cheese. USDEC invested \$85,000 of MAP funding in three educational seminars which increased awareness of and provided technical support for U.S. mozzarella for 100 representatives of pizza chains, shops, restaurants, food product manufacturers, and distributors. USDEC also carried out trade servicing and technical consultations with individual Chinese companies about various product applications for U.S. mozzarella, which contributed to the seminars' success. As a result, a large Chinese pizza chain now buys mozzarella from a U.S. dairy supplier, replacing competitor product sourced from New Zealand. The switch has occurred in the pizza chain's outlets in Northern and Southern China, resulting in exports of 54 MT of U.S. mozzarella valued at \$216,000 during the first quarter of 2010. With an expansion of sales to its restaurants in Eastern China expected during the summer of 2010, the chain's estimated annual consumption could reach 700 MT of U.S. shredded mozzarella valued at about \$2.8 million.
- **Technical Seminar Helped Launch Seven New Products in **China** Using U.S. Whey Protein Concentrate 80 Percent (WPC 80) from U.S. Suppliers:** For the past few years, **USDEC**, using FMD funding, has co-sponsored a seminar with the Chinese Beverage Industry Association (CBIA). CBIA represents the interests of the beverage industry in China and works to enhance the technical progress of the industry, drafts and revises national standards, and provides consulting services on economic, technical and marketing issues. CBIA's members include juice, bottled water, and beverage technology companies. High-value proteins are often used in beverages because of their excellent nutritional qualities, bland flavor, ease of digestibility, and unique functionality in beverage

systems. Partnering with CBIA is a huge resource to educate the Chinese beverage industry about the benefits of U.S. whey proteins and their applications in a variety of beverages. The USDEC/CBIA seminar, held August 13, 2009 and supported by FMD funds, focused on high-value whey proteins in ready-to-drink beverage and yogurt applications. As a result, six Chinese companies launched a total of seven new products using WPC 80 in 2009. In addition, three other Chinese companies requested samples of U.S. WPC 80 for product testing. USDEC's China market representative estimated that, in 2009, an additional 1,000 MT of WPC 80 were imported into China for testing and production of these beverages. The total value of the imports was approximately \$7.5 million. Furthermore, USDEC anticipates that similar quantities will be imported yearly to support the production of new beverage products.

## Poultry and Egg Products

The **USA Poultry and Egg Export Council** is the primary program participant building demand for U.S. chicken, turkey and egg products in foreign markets. **Georgia, Arkansas, Alabama, North Carolina and Mississippi** are major broiler meat producers; **Iowa, Ohio, Pennsylvania, Indiana, California and Georgia** lead the country in egg production. **Minnesota, North Carolina, Arkansas, Virginia, and Missouri** are leading turkey producing states. Approximately 300,000 people are employed in chicken production and processing; another 60,000 people are employed in feed mills, hatcheries, and distribution centers. The turkey industry employs 20,000-25,000 people in the United States, with tens of thousands more in related industries, such as contract growing, product distribution and equipment manufacturing. The U.S. egg industry employs about 14,000 people. About 20 percent of total U.S. chicken production is exported; 10 percent of turkey and 2-3 percent of egg production. The United States exported \$3.9 billion in poultry meat in FY 2009, over half went to **Russia, Mexico, Canada and China**. FY 2009 U.S. egg and egg product exports were \$342 million; **Canada, Japan, Mexico, Germany, Hong Kong, the United Kingdom, and Jamaica** are major importers of U.S. eggs and egg products.

- **U.S. Chicken Leg Sales Boosted by Promotion with Major Retailers in Korea: The USA Poultry and Egg Export Council (USAPEEC)**, using MAP funds, conducted in-store promotions of roasted U.S. chicken leg quarters from February 26 to March 21, 2010. The promotion was held in 50 selected chain stores in **South Korea**, including major hypermarkets and department stores and featured product sampling of U.S. roasted chicken legs, in the Home Meal Replacement (ready-to-eat) section of the stores. As a result, U.S. chicken leg sales during the month-long promotion totaled about 145 MT, worth approximately \$1.1 million, representing a 316-percent increase from non-promotional period sales. Additionally, a leading Korean retailer and food processor, Hanil Farms, is now developing a new U.S. chicken product format to add to its popular jumbo leg item. Due to the domestic competition and sensitive consumer attitudes towards imported meat products, it has been difficult to launch U.S. chicken products at the retail level in Korea. Encouraged by these accomplishments, USAPEEC will focus on developing more collaborative promotions with Korean retailers to grow sales and continue improving the image of U.S. chicken among Korean consumers.
- **USAPEEC/Yongyin Restaurant Promotion Sparked Use of U.S. Chicken and Long-Term Business Relationship in China:** In September 2009, **USAPEEC** used MAP to conduct a menu promotion with the Yongyin restaurant chain in Guangzhou, China. USAPEEC worked with the Yongyin chain on its first use and promotion of U.S. chicken. The chain developed six special dishes featuring chicken leg quarters, drumsticks, and mid-joint wings, and designed a special lunch and dinner menu for the promotional activity. USAPEEC worked with the chain on point-of-sale (POS) materials, including placemats with messages about the wholesomeness and nutritional value of U.S. chicken, and a large poster-stand placed prominently at restaurant entrances. During the month-long promotion, the Yongyin chain reported that sales of U.S. chicken dishes in its nine restaurants totaled \$110,000. Moreover, customer feedback was so encouraging that the restaurant chain has decided to keep several U.S. chicken dishes on its menu for an extended period of time.
- **USAPEEC Extends Sales Season and Expands U.S. Turkey Distribution in Guatemala:** In May 2008, **USAPEEC** finalized an agreement with Central America's largest food retailer to develop a marketing campaign promoting U.S. turkey and value-added turkey products. The MAP-funded pilot



program introduced U.S. turkeys in 11 high-end supermarkets in Guatemala. This program included distribution of recipes and educational flyers (with tips about preparation and uses of turkey) to consumers, advertising and signage in the retail outlets, and branding of U.S. turkey products with “Pavo todo el año” (turkey throughout the year) labels affixed on product packages, enabling consumers to recognize the U.S. brand. In addition, a media campaign was launched through Guatemalan television to advertise the program, and a website ([www.comapavo.com](http://www.comapavo.com)) was launched to further educate consumers about the availability, versatility and nutritional attributes of U.S. turkey meat. The program has been a great success as the retailer is now making U.S. whole turkey and turkey products available year round, rather than only during the Christmas season. The retailer continued the “Pavo todo el año” promotion in 2009 to build on the initial success. Additionally, the strong sales in its Guatemala stores encouraged the retailer to ask USAPEEC to partner with it and expand the program into **El Salvador**. Promotions in that country began in May 2010. Exports to Guatemala of U.S. frozen turkey and turkey parts were valued at \$4.7 million in 2009, more than double the export value five years ago.

- **USAPEEC Creates New Demand for U.S. Egg Products in Mexico:** USAPEEC used MAP funds to conduct technical seminars and hands-on training to educate Mexico’s leading producers of mayonnaise about the availability and attributes of U.S. pasteurized egg yolks. Two U.S. egg product suppliers participated in the events and reported that two of the Mexican manufacturers, the Herdez Group and Kraft Foods Mexico, which had only used locally pasteurized egg products in the past, were impressed by the high quality, functionality, and food safety advantages of this U.S. product. As a result of USAPEEC’s activities, the Herdez Group began importing U.S. pasteurized egg yolks from the two U.S. suppliers in March 2009 and is now purchasing about 87 MT of U.S. product each month. Kraft Foods Mexico started importing U.S. pasteurized egg yolks in May of 2009, with initial orders exceeding 35 MT per month, it intends to double its use of U.S. product in the future. In 2009, the value of U.S. pasteurized egg yolk exports to these companies totaled approximately \$1.8 million. USAPEEC has high expectations for continued sales growth as it intensifies efforts to increase the use of U.S. egg products by Mexico’s food processing sector.

## Red Meat

The **U.S. Meat Export Federation** is the primary program participant building demand for U.S. beef, pork, and lamb in foreign markets. The largest number of beef cows are in **Texas, California, Oklahoma, Nebraska, Kansas, Missouri** and **Iowa**; the largest number of hogs are in **Iowa, North Carolina, Illinois, Indiana, Minnesota, Missouri**, and **Nebraska**. Leading sheep producing states are **Texas, California, Colorado, Wyoming, South Dakota, Utah, Montana, Idaho**, and **Iowa**. An estimated 1.7 million people are employed in beef, pork, sheep and lamb industries. In FY 2009, U.S. fresh, chilled and frozen red meat exports reached over \$7 billion, of which nearly three-quarters of total exports were destined for **Japan, Mexico, Canada** and **South Korea**. About 11 percent of U.S. beef and beef variety meat production is exported (volume basis); about 24 percent of U.S. pork and pork variety meat production is exported (volume basis).

- **U.S. Beef and Pork Exports Benefiting From USMEF Training Program in Mexico:** USMEF has an ongoing strategy to provide in-depth training to the sales forces of importers and distributors, to improve their effectiveness in selling U.S. red meat. These two-day MAP and checkoff funded sales force training seminars focus on technical meat topics, proper handling practices, hands-on cutting demonstrations, merchandising techniques, and sales and negotiation strategies. The seminars target sales personnel from current and potential U.S. beef and pork importers and distributors, including upper-level decision makers. Over the past couple of years, USMEF has provided training to about 300 employees from about 100 Mexican companies. According to surveys following the seminars, participating firms stated that, on average, they planned to increase purchases of U.S. beef by approximately 540 to 720 MT during the next 12 months. Additionally, survey responses showed a 37-percent increase in participants’ awareness of the profitability, quality, and methods for merchandizing U.S. beef. In 2009, Mexico was the volume leader for U.S. pork imports with 503,503 MT, valued at \$762 million – an increase of 27 percent and 10 percent, respectively, over 2008. This record-breaking performance was particularly impressive considering the country’s sluggish economy

and a temporary midyear disruption in pork demand due to H1N1 influenza. U.S. beef faced tougher challenges with the slowing economy. Much of the decline in beef exports is attributable to lower demand due to Mexico's deep recession and devaluation of the peso. However, these sales force training seminars have helped keep high-quality U.S. beef flowing into the market during the down economy with U.S. beef exports to Mexico for 2009 reaching 291,700 MT, valued at \$909 million.

- **New U.S. Pork Cut Finds Success in Japan:** In March 2009, USMEF introduced pork back ribs to Japan at the FOODEX trade show. Immediately following the show, Aeon and Ito Yokado, two of Japan's major retailers, began selling U.S. pork back ribs. Now more than 1,500 retail outlets throughout Japan are carrying "America's favorite cookout meat." Using MAP and industry funding, USMEF seized the opportunity to grow U.S. exports of the pork back rib. Since this cut was relatively new to Japanese consumers and retailers, USMEF worked closely with cooking instructors and chefs to develop recipes that fit with local cuisine. USMEF also developed educational POS materials and a sales manual to help retailers better display the product and educate them on selling points. In September 2009, Japan's best-known restaurant website, Guru Navi (Gourmet Navigator), which draws more than 850 million hits per month, was used for a pork back rib promotion. Of the 48 restaurants participating in the month-long event, 40 percent decided to permanently add pork back ribs to their menus. USMEF estimates that the United States exported 300 MT of pork back ribs in 2009. Total exports of U.S. pork to Japan were 421,360 MT, valued at \$1.54 billion, representing about 46 percent of Japan's imported pork market.
- **U.S. Beef "To Trust" Campaign Yields Positive Results:** USMEF used MAP and beef industry funds to launch the "To Trust" imaging campaign in December 2009 to help improve consumer perceptions of U.S. beef products exported to **South Korea**. Following extensive consumer surveys and message testing with focus groups, new commercials, print ads, and other forms of advertising were developed. The "women-to-women" themed campaign was designed to raise the visibility of U.S. beef and counteract persistent negative images that have lingered since U.S. beef products reentered the market in July 2008. In addition to alleviating consumer anxieties, "To Trust" provides reinforcement to restaurant operators who have been reluctant to serve U.S. beef. Since launching the campaign in December 2009, U.S. beef exports to South Korea, valued at \$225 million, are up 96 percent in volume to 50,223 MT for January-June 2010 compared to the same period last year. Over 80 percent of respondents indicated that the message of U.S. beef as a safe and reliable product resonated very well. U.S. market share climbed from 25 percent to 29 percent over the six-month period. In 2009, total U.S. beef exports to Korea were 55,540 MT valued at \$215.67 million.

## Other Livestock Products

**Leather Industries of America**, the **U.S. Hide, Skin and Leather Association**, and the **American Sheep Industry Association**, are the primary program participants building demand for U.S. leather, hides, and sheep/lamb pelts, primarily in Asian manufacturing industries. USHSLA estimates that more than 26,000 people are involved in the processing of hides, including employees at hide plants, exporters, agents and others; 96 percent of U.S. hide production is exported. There are 82,000 sheep producers in the United States; 60-85 percent of U.S. sheep pelts (volume basis) have been exported in recent years. U.S. exports of hides and skins reached \$1.5 billion in FY 2009. The top four markets—**China, South Korea, Hong Kong** and **Taiwan**—represented 75 percent of total U.S. hides and skins exports. U.S. leather exports were about \$700 million in CY 2009, primarily destined to **European Union** and **Asian** markets. U.S. sheep pelt exports were about \$20 million, with the markets of **China, Turkey** and the **Dominican Republic** representing over 90 percent of U.S. sheep pelt exports.

- **China/Hong Kong Critical to Leather Industries of America (LIA) Success:** LIA had a successful showing at the Asia Pacific Leather Fair (APLF) held in Hong Kong in March 2010. APLF is the largest international exhibition servicing the global leather industry and LIA used approximately \$150,000 in FMD funds to exhibit U.S. leather and make new contacts. Last year, nearly 17,000 visitors from 93 countries came to see the 1,039 exhibitors at the show, and show traffic was even greater this year. LIA surveyed all exhibitors who reported meeting and talking with the decision makers from major brands and large manufacturers. LIA exhibitors made ten or more new contacts

and received ten or more requests for sample orders, which is a major accomplishment because the shoe and garment industries are well-established thus making it very difficult to meet a new manufacturer or designer ready to begin production.

This process takes time, buyers at the March show are looking at the Spring 2011 retail season because the retail markets must be ready for customer demand at least a season in advance. They will order samples and distribute them to big retailers worldwide. Shoes and bags will be ordered by the thousands, generating big orders for leather to the tanneries. Hide prices are high and climbing, so manufacturers are getting orders in as fast as they can. Total U.S. leather exports were about \$667 million in 2009 compared to about \$963 million in 2008 due to the worldwide economic downturn. LIA focuses on the increasingly-important China/Hong Kong market, which represents about 10 percent of U.S. total U.S. leather exports.

- **Trade Shows Critical to U.S. Hides and Skins Exports: The U.S. Hide, Skin and Leather Association (USHSLA)** used FMD funds to participate in the All **China** Leather Exhibit (ACLE) held in Shanghai in September 2009. While the number of exhibitors within the USHSLA Pavilion at the ACLE has remained relatively stable, on-site sales have grown from \$18 million in 2006 to \$28 million in 2007 and \$31 million in 2008. Due to the difficult economic climate in 2009, on-site sales were slightly down, but were still substantial at \$28 million. Exhibiting companies reported expected sales over the next 12 months as a result of the show to be \$121 million. FMD funds expended on the ACLE activity over the four-year period of 2006 to 2009 totaled \$234,000. Total export sales at the show amounted to \$105 million over this same four-year period. USHSLA will continue to partner with the Foreign Agricultural Service to ensure that U.S. hides remain a strong agricultural export item.
- **USHSLA Continues to Grow Exports:** Over the past 11 years, **USHSLA** has used market development programs to help transition an industry primarily supplying domestic tanners with bovine raw materials, to one that now exports over 90 percent of production. In recent years, USHSLA has utilized EMP funds and FMD funds to exhibit at trade shows, conduct technical seminars on the quality and applications of U.S. hides and skins, and participate in trade missions to explore potential emerging markets. These activities have been conducted primarily in **China, Hong Kong, India, and Vietnam**. Over the past six years, USHSLA's participation in Asian trade shows alone has resulted in \$306 million in sales. U.S. hides and skins continue to be a significant U.S. export commodity, and market development efforts have helped make China/Hong Kong the top export market, increasing 33 percent in value from 2003 to 2008, from 14 million pieces valued at \$706 million to 18 million pieces valued at \$1.06 billion. In 2009, exports to China/Hong Kong reached a record 20 million pieces, though due to the global recession, prices were down, and the export value dropped to \$760 million. Total U.S. bovine hides and skins exports rose from \$1.9 billion in 2003 to \$2.04 billion in 2008, and were \$1.5 billion in 2009.
- **American Sheep Industry Association (ASIA) Uses Market Development Programs to Increase Sales of Sheepskins to **China**:** ASIA has had great success in using MAP, FMD, and QSP programs to introduce buyers to U.S. sheepskins and to convince them to become regular purchasers. In recent years, ASIA members have utilized the market development programs to travel to China to participate in trade shows and meet with key sheepskin buyers. The buyers in China were not aware that the more expensive but larger-sized U.S. sheepskins produced better yields than sheepskins from competing suppliers. However, once they learned about the greater yields, they were willing to conduct trial runs to see if the U.S. sheepskins could fit with their end-product needs. In addition, ASIA members provided technical assistance by teaching the processors how to process U.S. sheepskins on their machines, which was crucial in convincing two companies to conduct a trial run with U.S. sheepskins. After the trials and follow up work, these companies have become regular and consistent buyers of U.S. sheepskin. In 2009, U.S. sheepskin exports to China increased by nearly 20 percent, with 1.1 million sheepskins exported to China, mostly for use in the footwear industry. Just five years ago, there were only about 75,000 U.S. sheepskins exported to China. The USDA market development programs have had a significant impact on sales of U.S. sheepskins to the market.



## Seafood

The **Alaska Seafood Marketing Institute**, the **Catfish Institute** (main producing states: **Mississippi, Alabama, Arkansas and Louisiana**) and the four state regional trade associations—**Food Export Association of the Midwest USA, Food Export USA Northeast, the Southern United States Trade Association and the Western United States Agricultural Trade Association**—are the primary program participants building demand for U.S. seafood. In CY 2009, U.S. fish products exports reached \$3.7 billion, of which Alaskan seafood exports were \$2.2 billion. The top eight markets—**Japan, Canada, China, South Korea, Germany, France, the Netherlands and Spain**—represented nearly 80 percent of total U.S. exports. The Alaska seafood industry employs more than 50,000 people a year, making it Alaska's largest private employer. In 2008, workers earned \$2.2 billion in ex-vessel earnings and processing wages. Processors were able to sell that fish into wholesale markets at a value of \$3.9 billion. A little more than half of Alaska's seafood is exported each year, with roughly 70 percent of Alaska salmon being sold into foreign markets. The catfish industry is estimated to support about 18,000 jobs.

- **Alaska Seafood Marketing Institute (ASMI) Collaboration with France's Leading Frozen Foods Retailer Strengthens Sales and Origin Identification of Alaska Seafood:** ASMI, using MAP funds, partnered with Picard Surgelés, a French chain of 780 retail stores specializing in frozen foods, to promote wild Alaska pollock and two species of Alaska salmon. From September 19 to November 15, 2009, more than \$2.07 million of Alaska coho and keta salmon portions were sold along with \$740,000 of Alaska pollock loins. Collectively, these represented nearly a ten-fold increase in sales over the same period in 2008. The products were featured in Picard stores, catalogues, and mailings, reaching millions of consumers. Furthermore, in October of 2009, Picard promoted its 35<sup>th</sup> anniversary by selecting 35 products to offer at 35 percent off the normal retail price. Picard selected Alaska coho portions as one of the featured upscale products. In November, Alaska pollock was featured as Picard's "selection of the month," receiving prime placement at store entrances. ASMI's emphasis on the "Alaska" message clearly demonstrated the value of promoting its unique origin and has convinced Picard of the value of retaining this distinction over competing messaging and rival brands, thereby ensuring the place of Alaskan seafood in its stores for years to come. In 2009, Alaska exported more than \$57 million to **France** and **Belgium** with pollock fillet, surimi, and salmon comprising the largest portion of this. Due in part to such promotions, keta salmon exports increased by 28 percent in value and 30 percent in volume in 2009.
- **ASMI Partners with Sam's Club/China for Successful Promotion of Alaska Seafood:** ASMI used MAP funds to conduct a successful American Food Festival with Sam's Club, hosted by the Agricultural Trade Office (ATO) in Guangzhou, China. Partnering with major international retailers such as Sam's Club is crucial to Alaska seafood's success in China, which is one of the most rapidly growing export markets for Alaska seafood products. To celebrate the opening of the fourth Sam's Club outlet in China, an American Food Festival was held at three of the Club's outlets in Fuzhou, Shenzhen, and Panyu, China from November 27-December 10, 2009. During the event, ASMI highlighted sockeye salmon, snow crab, and black cod, using Alaska seafood point-of-sale materials to draw attention to the promotion. By the end of the promotion, 15,000 recipe fliers were distributed, and Sam's Club sold 4.85 MT of Alaska seafood, valued at \$95,000. Sales during the promotion were 30-40 percent higher than their non-promotional period sales. Due in part to the successful promotion, Sam's Club has decided to sell Alaska seafood (king crab in particular) on a long term basis. As China's retail sector continues to grow rapidly, international retailers are opening stores in many Chinese cities, establishing their own supply chains, and encouraging local distributors to carry more imported products. This success has encouraged ASMI to intensify efforts to collaborate again with Sam's Club in 2010 and to initiate promotions with other large retailers. In 2009, Alaska exported more than \$460 million to China; snow crab, pink salmon, chum salmon, cod, sole, and pollock fillet were the predominant products.
- **ASMI and the Western U.S. Agricultural Trade Association (WUSATA) Collaborate on Successful Seafood Trade Mission to China:** ASMI and the WUSATA, using MAP funds, led a seafood trade mission to China October 30-November 5, 2009. ASMI and WUSATA staff accompanied ten seafood companies from **California, Oregon, Washington, and Alaska** on the

mission. The companies offered virtually every Pacific seafood product, including five species of wild salmon, three species of crab, halibut, cod (Pacific and black), oysters, geoduck clams, and pollock. The mission promoted U.S. seafood exports by matching top U.S. suppliers with key Chinese buyers in a “speed dating” format, which involved exporters meeting with at least ten importers for 15-30 minutes. Trade mission attendees also traveled to Qingdao to attend the China Fisheries and Seafood Expo, Asia’s most important seafood show, with more than 15,000 qualified buyers from over 50 countries. Trade mission participants reported on-site sales of \$5 million and projected sales over the next year ranging from \$10 to \$15 million. By focusing on Shanghai, **Hong Kong**, and Qingdao, participants made contacts with a broad spectrum of buyers from affluent regions in China with significant market growth potential. Furthermore, by working together, ASMI and WUSATA hosted an extremely cost-effective and productive mission that was highly praised by all participants.

- **South Korean Buyers Mission to Boston Seafood Show Nets Almost \$3 Million in Sales:** In February 2008, the **Southern United States Trade Association (SUSTA)** and **ATO Seoul** jointly sponsored a seafood buying mission which took eight Korean seafood buyers to the Boston Seafood Show. The Maryland Department of Agriculture coordinated site visits in **Maryland** to see products such as skate, oysters, and crab. One year after the show, ATO Seoul surveyed the buyers and found in the 12 months after the show, four of the buyers had purchased \$2.95 million of U.S. seafood. The products imported included skate wings, oysters, black cod, crabs, and scallops. The total cost of the mission was \$24,000. The cooperators contributed almost \$20,000 of this expense, and FAS Korea used \$4,356 in Country Strategic Support Funds (CSSF) for this project. The CSSF paid for a Foreign Service national to accompany the buyers and to translate for them.


## Fiber

**Cotton Council International** is the primary program participant building demand in foreign markets for U.S. fiber. U.S. cotton exports were \$3.6 billion in FY 2009 and the top eight markets—**China, Turkey, Mexico, Indonesia, Vietnam, Pakistan, Thailand, and Bangladesh**—imported 78 percent of the total. The United States, which ranks third in production behind **China** and **India**, is the leading exporter, accounting for over one-third of global trade in raw cotton. The U.S. cotton industry accounts for more than \$25 billion in products and services annually, generating about 200,000 jobs in the industry sectors from farms to textile mills. **Texas, Georgia, Arkansas, North Carolina, Mississippi, Tennessee, Missouri** and **Alabama** are the leading producing states.

- **FMD-Funded COTTON USA Sourcing Program Expands Exports to the Western Hemisphere:** Supported by FMD funding, the **Cotton Council Incorporated (CCI)**, in partnership with ten U.S. mills through the COTTON USA Sourcing Program, has vigorously promoted U.S. exports of cotton yarn and fabric to manufacturers in the Western Hemisphere, establishing this region as a stable export market for U.S. cotton. In marketing year (MY) Aug-July 2008/09, the Western Hemisphere consumed 4.4 million bales of U.S. cotton in various forms, including fiber, yarn, and fabric exports, valued at \$2.6 billion. Over 90 percent of U.S. mill consumption is now exported, and more than 90 percent of that goes to the Western Hemisphere (primarily Mexico, Central America, and the Caribbean).
- **U.S. Cotton Exports to Turkey Rebound in MY 2009/10:** In the spring of 2009, the Turkish government published regulations that would immediately impose a hardship for U.S. cotton exporters via a restrictive importer registration form that would have resulted in U.S. cotton bales being rejected once they reached the port. FAS (Office of Trade Programs, Office of Scientific and Technical Affairs, and the FAS Field Office in Ankara) facilitated a meeting with the cotton industry and the Animal and Plant Health Inspection Service (APHIS) to address the issue. At the meeting, the consensus was to have APHIS address the issue from a regulatory position by drafting a response to the Turkish government while at the same time encouraging U.S. cotton exporters to comply with the Turkish regulations so that shipments would continue uninterrupted. Due to the immediate and cohesive support both domestically and via the Agricultural Counselor in Ankara, U.S. exports continued uninterrupted and a compromise regulation was reached. When the Sourcing Program began in 2000, the United States exported only 56 percent of total mill consumption.

CCI has helped the United States regain its position as the largest cotton supplier to Turkish spinning mills by using all market development tools (FMD, MAP, GSM-102) to provide technical support and address market access issues such as the restrictive phytosanitary certificates issue. U.S. cotton exports in February 2010 rose for the eighth time in the last 11 months, climbing 33 percent from a year earlier to 35,764 MT (164,264 bales valued at \$36.9 million). Through the first 7 months of 2009/10, season-to-date shipments of U.S. cotton to Turkey were up 12 percent from the same period last year. Preliminary estimates show total 2009/10 exports of 2.2 million bales, an increase of 400,000 bales over the previous year.

- **MAP-Funded COTTON USA Promotions Increase Sales of U.S. Pima Cotton Products in the United Kingdom:** Global COTTON USA promotions of U.S. Pima cotton products have boosted demand for Supima® (i.e., U.S. Pima) throughout the supply chain and increased sales of bales. COTTON USA successfully partnered with Marks & Spencer (M&S), one of the leading retailers in the UK, and Christy, England's original towel manufacturer, to promote their U.S. Pima home textiles. In CY 2009, M&S and Christy purchased 6,895 bales, conservatively valued at \$1.5 million, of U.S. Pima cotton and offered more than 2.8 million COTTON USA Mark-labeled products at their retail outlets. The partnership between COTTON USA and M&S has been extremely successful, as illustrated by the fact that M&S has increased its U.S. Pima cotton consumption by close to 2,000 percent since 2006. Similarly, COTTON USA licensee Christy decided to switch its largest and longest running towel range from non-U.S. cotton to Supima cotton. Christy's purchase of 1,474 bales of U.S. Pima in 2009, valued at \$331,650, represented a 43-percent increase from 2008.


- **“Natural World” Cotton Campaign Earns Top Dollars for U.S. Exports:** Natural U.S. cotton took center stage in **China** as CCI's groundbreaking COTTON USA “Natural World” campaign used celebrity endorsements and multi-media promotional events to increase awareness of, preference for, and consumption of U.S. cotton. CCI held the “Natural World” campaign from November 2008 through June 2009 in light of the United Nations proclaiming 2009 as the International Year of Natural Fibers. The 8-month promotion generated more than 330 million consumer impressions via press releases, online teasers, fashion shows, and outdoor advertising in Beijing and Shanghai. More than 920 million people viewed the COTTON USA brand through an online video competition. The large-scale campaign publicized the value of natural fibers such as U.S. cotton and the importance of protecting the “natural world” for future generations. This excitement has translated into increased sales of U.S. cotton. Sixteen new brands and suppliers joined the COTTON USA licensing program as a direct result of the COTTON USA Natural World campaign, and have purchased 135,000 bales of U.S. cotton in MY 2008/09, valued at more than \$30 million. Earned advertising value from the COTTON USA “Natural World” campaign has already topped \$6.0 million. CCI effectively leveraged MAP funds for this campaign.
- **FTA and MAP Funding Results in Prestigious Peruvian Mill Increasing U.S. Cotton Content in Carded and Combed Yarns:** Algodonera Sudamericana S.A., a Peruvian mill, stopped sourcing cotton exclusively from local sources and now annually uses about 13,000 bales of U.S. cotton valued at \$3.2 million. The mill's new sourcing habits come on the heels of discussions with CCI and Cotton Incorporated on the benefits of using U.S. cotton fiber, and give U.S. cotton a 60-percent market share of the cotton the mill uses in its yarns. “The experience of moving from other origins to U.S. fiber has been positive due to the implementation of the FTA between the U.S. and Peru and the good results obtained due to the quality of the fiber,” said Mr. Javier Piqueras, commercial manager of Algodonera Sudamericana. Prior to CCI's efforts, Algodonera Sudamericana did not use any U.S. cotton - only local Pima Hazera and Tanguis cotton - when CCI approached them in 2007 to explain the COTTON USA Program and the benefits of U.S. cotton fiber to improve quality. CCI emphasized how they collaborate with Cotton Incorporated in order to deliver customized quality services to companies in the textile sector worldwide.
- **COTTON USA Buyers' Tour Leads Thailand's “Blue Corner” to Buy U.S. Cotton:** CCI's COTTON USA licensee, Blue Corner, a leading Thai fashion brand, purchased 4,800 yards of 100 percent cotton fabrics worth \$14,500 from a Chinese textile mill they met during a COTTON USA

Buyers' Tour to **China** in October 2008. After the implementation of the Thailand-China Free Trade Agreement (FTA) on January 1, 2010, which eliminated import duties for fabrics to Thailand, Blue Corner increased its orders to 7,600 yards of U.S. cotton-rich fabrics, worth \$21,000. In 2009, Blue Corner labeled 620,000 apparel units with the COTTON USA Mark. The COTTON USA Mark identifies high quality, 100-percent cotton products that contain a minimum of 50 percent U.S. cotton. The COTTON USA Mark program is designed to pull U.S. cotton through the supply chain by drawing consumer attention to quality products made primarily with U.S. cotton. COTTON USA Buyers' Tours, funded in part by MAP, are a part of CCI's innovative COTTON USA Supply Chain Marketing Program.

The **American Sheep Industry Association** and the **Mohair Council** of America are building demand for U.S. wool and mohair fiber in foreign markets. **Texas, Arizona, California, Georgia** and **Mississippi** are the major U.S. wool producing states. On average, about 60 percent of wool production is exported. U.S. wool exports averaged about \$20 million in the past two fiscal years, and **China, India, Germany, Mexico, Portugal** and **Italy** were the major export destinations. Sheep and lamb are raised in all fifty states; and **Texas, California, Colorado**, and **Wyoming** have the largest numbers of animals. U.S. mohair exports were \$2.7 million in FY 2009. **China, South Africa, Peru, Philippines, Mexico, Italy** and the **UK** are important markets for U.S. mohair. Virtually all U.S. mohair is produced in **Texas**.

- **Mohair Council of America (MCA) Expands Sales to Thailand:** In late 2009, **MCA** convinced a large rug manufacturer in Thailand that U.S. mohair would be beneficial to incorporate into their custom-designed, high-end rugs. MCA used QSP to provide a U.S. mohair sample to this company to facilitate a trial that incorporated mohair into their manufacturing process. Mohair is considered to be an expensive input, but the fiber's value in durability, texture, sheen, and ability to accept dyes make it highly desirable in carpet manufacturing. MCA provides considerable technical assistance to potential manufacturers, teaching them to properly process mohair on their machines, demonstrating appropriate ways to blend the mohair with other fibers, and showing color absorption techniques. Since the sample trial, the Thai company purchased 1,000 pounds of yarn and is requesting technical assistance from MCA to develop more products. MCA used MAP funds to travel to Thailand in spring 2010 to teach this manufacturer how to incorporate mohair into several of its floor covering products. Mohair can be blended in a variety of ways to attain unique end products and can be used as a main fiber in the larger part of the floor covering, or used as an accent fiber in the design. MCA expects sales of these various floor covering designs to require an average of 10,000 pounds of U.S. mohair per year, with an estimated value of \$25,000.



Mohair goats, courtesy of Mohair Council of America

- **American Sheep Industry Association (ASIA) Used Market Development Programs to Increase U.S. Wool Exports to Mexico:** **ASIA** credits the use of market development programs with helping to increase sales of U.S. wool to Mexico. **ASIA** utilized MAP, FMD, and QSP to assist U.S. exporters with educating potential buyers about U.S. wool. In recent months, a U.S. exporter was able to convince an apparel manufacturer in Mexico to conduct a trial run in their factory using U.S. wool. This company is accustomed to using wool from Australia, but was convinced to try U.S. wool thanks to the QSP program. The U.S. exporter provided technical assistance to the manufacturer to demonstrate how to process U.S. wool. After the trial run, the customer was so pleased with the results that they purchased a container of U.S. wool. The United States provides various types of wools, and through QSP, the importer found a type of wool that is best suited for the specific wool product they manufactured. In fact, they have requested more wool, and the U.S. exporter is working to source supplies for this particular customer. The potential for sales to this particular customer could be at least four containers per year valued at approximately \$550,000. This success in Mexico would not have been possible without the assistance of FAS market development funding.



## Forest Products

The United States is the world's largest producer and consumer of wood products, accounting for more than one quarter of the world's production and consumption of sawn timber, wood-based panels, pulp and paper. The domestic forest and paper products industry accounts for more than 6 percent of total U.S. manufacturing output and employs about one million workers throughout all 50 states. The wood industry is among the top ten manufacturing sector employers in 48 of the 50 states. The **American Hardwood Export Council (AHEC)**, **APA - The Engineered Wood Association (APA)**, **Southern Forest Products Association** and **Softwood Export Council (SFPA)** are the primary program participants building demand in foreign markets for hardwoods, softwoods, engineered wood, and related products. U.S. forest product exports reached \$5.3 billion in FY 2009. U.S. exports to the top eight markets—**Canada, Japan, Mexico, South Korea, the UK, Italy and Germany**—represented nearly three-quarters of total U.S. forest products exports.

- **American Hardwood Export Council (AHEC) Uses MAP to Help U.S. Exporters Break into the Indian Market:** Using MAP funds, **AHEC** has explored market opportunities in **India** where U.S. wood products exports have historically been near zero. AHEC has partnered with several U.S. hardwood exporting states to bring U.S. hardwood producers/exporters in contact with potential Indian buyers. AHEC's participation at the Indiawood show, which took place March 4–8, 2010, provided the 12 participating member companies with increased knowledge of the South Asian market and new sales contacts. For example, Northland Forest Products, a hardwood lumber processor from Kingston, **New Hampshire**, returned from the show with new contacts that are expected to yield an additional \$400,000 in annual sales. Danzer Veneer Americas, a hardwood veneer manufacturer from Darlington, **Pennsylvania**, also joined in the pavilion and generated \$150,000 in direct sales at the show. AHEC plans to build on these successes in India by combining trade servicing activities with well-targeted PR and educational programs.
- **U.S. Engineered Wood Products Key to the British Pavilion at Shanghai World Expo 2010:** U.S. engineered wood products made possible the groundbreaking design for Thomas Heatherwick's British Pavilion at the Shanghai World Expo 2010. This structure features an extraordinary seed pavilion centerpiece, a six-story object formed from 60,000 transparent acrylic rods that extend from the structure and quiver in the breeze; each one of the rods holds seeds provided by the Kunming Institute of Botany. This structure is constructed with U.S. engineered wood products. The U.S. laminated veneer lumber (LVL) used as the framework for the pavilion provides the perfect mix of strength, easy workability, and flexibility necessary to achieve the design. The idea for using U.S. LVL came through conversations with the Chinese general contractor, who had attended a MAP-funded **American Plywood Association (APA)** engineered wood applications seminar in Shanghai in 2004. Altogether, \$156,000 worth of engineered wood products, supplied by Pacific Woodtech Corporation (located in Burlington, **Washington**), were used in the high profile project, which opened to the general public in May. An estimated 70 million people are expected to visit the Expo before it closes in October. In addition, the **Softwood Export Council (SEC)** and APA held seminars in **Shanghai, Guangzhou, Shenzhen and Taipei**, in May and July that provided information about the U.S. origin of the LVL used in the British Pavilion. About 580 Chinese and Taiwanese specifiers participated in these seminars, which were part of SEC and APA sales missions funded by FMD and MAP funds.
- **SEC Viet Wood Show Attendance a Success for Oregon and Maine Softwood Firms:** A softwood wholesale company in Medford, Oregon, secured new business at the Viet Wood trade show, held in Ho Chi Minh City in September 2009. The Oregon wholesaler, representing both Western and Eastern white pine sawmills, was one of eight U.S. softwood companies exploring the



The British Pavilion seedbank, with Rose Braden, Evergreen Building Products Assoc.; Mike St. John, VP of Pacific Woodtech; Xu Fang, APA China Representative. Courtesy of APA.



emerging furniture industry in **Vietnam** as a possible supplement to the soft U.S. market. The companies were able to participate in the show with the support of **SEC** MAP funds and the MAP-funded American Softwoods office staff in China. During the show, the Oregon wholesaler participated in trade servicing visits arranged by the American Softwoods China staff and the Office of Agricultural Affairs, which resulted in new orders for Eastern white pine. Through SEC's MAP market development activities in Southeast Asia and support from the SEC China staff, this company made first time sales of \$150,000 in Eastern white pine products in 2009. The lumber for the order was produced by a small Eastern white pine manufacturer in northern Maine. By opening and adding a new niche market for U.S. softwoods, the Oregon wholesaler was able to maintain its 12-person staff in the worst employment recession in recent Oregon history. With the new production, the Maine sawmill was able to rebuild production levels lost to the U.S. recession.

- **South Korean Housing Fair Creates Opportunity for U.S. Sales:** In February 2010, a **Pacific Northwest** wholesale company attended the Korea Housing Fair in Seoul, one of four companies participating through the **SEC's** MAP program. Using Korean language publications and industry samples, the company was able to persuade a key Korean importer that U.S. high-grade western softwoods were the right choice for his needs. After the show, the company followed up with the Korean importer and was able to secure an order for high grade U.S. softwood lumber to Korea. The initial order was for five containers worth \$235,000, and the company expects an additional order for the same or an increased amount in the fall of 2010. In addition, the four U.S. softwood lumber companies that participated in the Korea Housing Fair estimate that their future sales from the show for 2010 should be well over \$1.5 million dollars.
- **Trade Servicing Visit Results in Potential New U.S. Plywood Sales to Mexico:** During a MAP-supported trade servicing visit to Durango, Mexico, in the early fall of 2009, **American Plywood Association (APA)** representatives met with a large Mexican lumber distributor. While the company had purchased U.S. wood products in the past, they were not familiar with the new generation of high quality engineered wood products available for concrete forming. According to the company, several of their customers used lower quality concrete-forming products from other countries, but were not satisfied with the results. During the trade servicing visit, the Mexican lumber distributor learned that by using a higher quality U.S. panel, their customers would be able to achieve multiple pours per panel, thus reducing their costs. Additionally, they learned that because of the high quality face of U.S. medium and high-density overlay panels, their customers would not have to render the walls once the concrete forms had been released, also leading to lower costs. As a result of the visit, the Mexican company decided to start stocking high quality U.S. plywood products. Given the volumes of product discussed, the potential value of the new contracts for 2010 could be in excess of \$500,000.

## Processed Products

**The Brewers Association, Distilled Spirits Council, Intertribal Agriculture Council, National Association of State Departments of Agriculture, National Confectioners Association, Northwest Wine Coalition, New York Wine and Grape Foundation, Pet Food Institute, The Popcorn Board, National Grape Co-operative (Welch's), California Wine Institute, and the four state-regional trade associations—Food Export Association of the Midwest USA, Food Export USA Northeast, Southern United States Trade Association and Western United States Agricultural Trade Association—are the primary program participants building demand for U.S. processed products in foreign markets. Consumer foods, as a share of total U.S. agricultural exports, increased from just over 10 percent in 1979 to about 40 percent in 1999, and remained at about that average through 2009. By FY 2009, U.S. consumer food exports were about \$40 billion. U.S. exports of wine and beer alone reached \$1.1 billion, with over 60 percent of the exports destined to **Canada**, the **United Kingdom**, **Mexico** and **Japan**. Pet food exports reached \$1.3 billion and the top four markets—**Canada**, **Japan**, **Mexico** and **Australia**—represented almost three-quarters of total U.S. pet food exports. Confectionary exports were another large category, with U.S. exports in CY 2009 at \$1.2 billion.**

- **Despite the Global Economic Recession, Pet Food Institute Maintains Long-Term Market Growth in Japan:** With the help of MAP funding, the Pet Food Institute (PFI), has been able to maintain and expand exports of U.S. pet food to Japan. PFI has conducted a marketing program in Japan since 1993, which has generated continued growth in exports. The year the PFI program was launched, exports to Japan totaled \$128 million. In 2009, U.S. pet food exports had grown to \$309 million, up 7 percent from 2008. This growth was realized despite the advent of many international shocks that impacted pet food trade, including Bovine Spongiform Encephalopathy (BSE) issues in Europe, Japan, and the United States. The MAP supported PFI program has maintained market access, which has enabled them to develop and expand demand for U.S. pet food products in Japan. PFI established a positive reputation and developed relationships with key stakeholders in Japan.
- **U.S. Spirits Exports in 2009 Surpass \$1 Billion Again, and Distilled Spirits Council of the United States (DISCUS) Plays Important Role:** Despite the global economic downturn in 2008-2009, worldwide exports of U.S. distilled spirits products surpassed the \$1 billion mark for the third consecutive year. U.S. spirits exports have more than doubled over the past decade; total U.S. spirits exports in 2000 were valued at just over \$478 million. The industry's success in certain key foreign markets is largely due to the MAP generic program. The **DISCUS** program introduces the novelty and versatility of U.S. spirits such as Bourbon Whiskey, Tennessee Whiskey, and other distilled spirits to retail and hospitality customers and the media in key foreign markets. For example, since 2007, the Council has conducted annual MAP activities focusing on **China** and **Brazil**, which have contributed to a significant increase in sales. Specifically, the Council has conducted American whiskey promotions in Beijing, Shanghai, Hangzhou, São Paulo, and Brasília, and has hosted key media representatives from China and Brazil to witness first-hand the whiskey-making process in **Virginia, Kentucky, and Tennessee**. These efforts have generated dozens of articles on American whiskeys in China and Brazil, reaching millions of potential buyers and adult consumers in those markets. As a result, American spirits exports to these two markets have grown by almost 31 percent since 2006, reaching just over \$11 million in sales in 2009.
- **MAP Helps Washington Winery Launch Two Brands in the United Kingdom (UK), With Sales Reaching \$1 Million in First Year:** The **Northwest Wine Coalition (NWC)** utilized MAP funding over the past five years to design, build, and staff a booth at the London International Wine and Spirits Fair. During this event, wineries interested in exporting to the UK participated by attending the show and providing samples of their wines. In 2009, over 20 **Washington** and **Oregon** wineries participated, gaining exposure to many of the trade show's 14,000 guests. Precept Wine Brands developed a relationship with a large UK importer who sells products to the Co-op, a grocery and convenience store retailer with over 2,500 outlets in urban areas and small neighborhoods throughout the UK. Also, as a result of this development, since the spring of 2008, Precept Wine Brands has shipped approximately 20,000 cases of two brands of their portfolio to the UK worth about \$1 million, with plans for regular shipments in the future. In early June, the Co-op conducted a sales promotion with these two brands, which grew consumer awareness of the wines' availability and increased sales by approximately 15 percent over non-promotional periods. This significant success could not have occurred without funding assistance through the MAP. (Congressional Districts – WA 4, 5, 7)
- **Oregon Winery Finds Export Success Thanks to the NWC's Market Access Program (MAP):** The Union Wine Company of Newberg, **Oregon**, is the latest NWC wine company to take advantage of trade opportunities made possible by MAP. In 2009, the Union Wine Company expanded exports of its Kings Ridge brand to **Japan, Norway, and Sweden**. Union Wine Company is a small business founded by two veterans of the Oregon wine industry. The company concluded sales totaling 112 cases, valued at \$10,000, late in the year to an importer in Japan and was awarded tenders by the Swedish and Norwegian monopolies for 1,300 cases, valued at \$120,000, and 900 cases valued at \$78,000, respectively. These sales marked the first time that Kings Ridge wines obtained distribution in each of these markets. The company's export success in Europe over the past year ties back to Northwest Wine/Oregon Wine Board's (OWB) presence at the London International Wine Fair. Each year, the OWB and the Washington Wine Commission pool MAP resources to fund a booth at the large, internationally renowned trade exhibition. The two organizations also jointly fund a UK-based contractor to drive interested European wine importers to the Northwest Wine booth. It was through

this process that importers in Sweden and Norway became aware of Oregon wines. When alcohol monopolies in both countries released tenders for new Oregon wines, the importers reached out to wineries through the OWB. (Congressional District – OR 1)

- **NWC Uses MAP to Create New Export Sales for Pacific Northwest Wines in Taiwan:** In December 2009, two importers in Taiwan purchased 2,000 cases of Northwest wine from seven wineries worth approximately \$250,000. It is the first time these two importers have purchased U.S. wines and the first time that these wineries involved had sold product in Taiwan. These purchases were a direct result of several activities sponsored by FAS Taiwan and the Northwest Wine Commission in 2009. FAS Taiwan brought buyers to the Washington Wine Experience Tour from April 29 to May 7, 2009 and to the National Restaurant Association trade show from May 15-19, 2009. The buyers had also participated in a series of ATO coordinated, MAP-funded, Northwest wine and food promotions in March 2009 in Taiwan. These activities included organized dinners that featured Pacific Northwest wines and American food products at trade and media tasting events. In addition, NWC sponsored the “Pacific Northwest Wine Road Show” at Costco Taiwan’s Neihu warehouse location. This promotion was held in December 2009, featuring ten distinct wines from four Northwest wineries. The Costco promotion represented the culmination of this series of coordinated events and helped establish a firmer presence for Northwest wine in the market. Total sales of Northwest wines during the ten-day Costco promotion totaled \$71,300. (Congressional Districts - OR 5; WA 4, 8)
- **MAP Helps California Wine Win Market Share In Poland:** California’s market share in Poland reached 15 percent, which makes it the largest supplier of wine in value ahead of France, which has a market share of 13 percent. The **California Wine Institute’s** (WI) retail promotions at major retailers Alma, Makro, and Tesco, which WI initiated and supported with the use of MAP funding, have contributed greatly to this success. From May 2008 to May 2009, the moving annual total saw a 27-percent increase in the value of California wine sales, on top of a 30-percent increase from May 2007 to May 2008. The value of California wine exports to Poland currently exceeds \$26 million.
- **California Winery Lands New Importer as a Result of MAP Funded Trade Mission to China:** Securing market distribution can be a daunting and lengthy process for California wineries seeking entrance to the Chinese market. Thanks to assistance from MAP, WI leads an annual trade tour to China to overcome that challenge. WI provides assistance to wineries by generating trade leads in many regional markets. A family-owned and operated winery, Heck Estates – Kenwood Winery has recently secured a new importer in Beijing as a direct result of their participation in WI’s October 2008 Beijing trade tasting tour. In 2009, the new relationship generated a first time order of 630 cases of assorted Kenwood wines, valued at \$50,000. WI remains committed to building the Chinese wine market for California wineries and manages a diversified annual calendar of MAP-funded promotional activities. (Congressional District – CA 1)
- **New York Kosher Wines Becomes Major Supplier in Canada:** Using MAP funds, the **New York Wine and Grape Foundation (NYWGF)** promoted Kosher wines from New York at a consumer shows in Canada in 2009 and 2010, at the Toronto Wine and Cheese Show, the Toronto Gourmet Show, and the Ottawa Food and Beverage Show. As a result, total shipments of two New York Kosher wines to the Liquor Control Board of Ontario (LCBO), Manischewitz Concord and Mogen David Concord, increased from 150,246 liters in 2008-09, to 165,483 liters in 2009-10, up 10 percent. Both these New York companies source their grapes from grape growers operating small farms, many struggling to make ends meet. Thanks to MAP, exports from these companies are helping to provide a market for small grape farmers in the state. (Congressional Districts – NY 27, 29)
- **U.S. Concord Grape Growers Find Market for their Juice in Japan.** Thanks to MAP funding, sales of U.S. Concord grape juice are on the rise in Japan, helping to provide a market for about 1,200 Concord grape growers in **New York, Pennsylvania, Ohio, Michigan, and Washington.** Using MAP funds, **Welch Foods, Inc.**, a cooperative, through their licensing partner, Calpis in Japan, conducted a comprehensive marketing campaign of TV commercials, public relations activities, and a web site, promoting the unique great taste and outstanding health attributes of U.S. Concord grapes to consumers in Japan. As a result, Welch’s juice sales by volume increased from 857,000 cases in

2007 to 1,251,000 cases in 2009, up 46 percent. In addition, awareness has increased from 23 percent in 1997, to 70 percent in 2009. Today thanks to MAP, nearly 12,000 outlets in Japan now carry Welch's brand of American Concord Grape Juice.

- **MAP Helps American Craft Beers Gain International Popularity:** Anderson Valley Brewing Company is the latest on a list of American craft breweries reaping rewards in the international marketplace. Anderson Valley is a member of the **Brewers Association (BA)** Export Development Program, which has promoted American craft beer for many years. In its second year as a BA member, Anderson Valley has made sales to **Brazil, China, and Sweden**. In total, the company has exported 1,988 cases of beer valued at over \$40,300, up from exports of just \$5,500 in 2008. That year, Anderson Valley beers were exported only to Canada. The company's 2009 exports have consisted of shipments of 520 cases to Brazil, 1,084 cases to China, and 384 cases to Sweden. Anderson Valley's exports to China and Sweden can be tied to the BA's MAP-funded export program.
- **Popcorn Board Develops New Sales from Participation at Trade Shows in China:** In 2009, **The Popcorn Board**, based in Chicago, IL, used MAP funds to participate in the U.S. Pavilion at two trade shows, SIAL China--Shanghai, and Food and Hotel China (FHC)—Beijing. The Board uses trade shows to educate distributors, importers, retailers, concessionaires, and grocery managers of the versatility and great taste of U.S. popcorn. For a small cooperator like the Popcorn Board, China is both an opportunity and a challenge. Participation at key trade shows is an effective and efficient way to reach potential buyers. As a result, one **Indiana** processor generated \$200,000 in new business at SIAL, and a second **Iowa** processor generated \$43,000 in new business. The Board's MAP programs are designed to build awareness among targeted audiences of popcorn's versatility as a snack, thereby increasing sales and consumption of U.S. popcorn. (Congressional Districts – IA 5; IN 8)
- **USA Pavilion Participants Forecast Strong Return on Investment from International Sweets and Biscuit Fair (ISM) in Cologne, Germany:** The **National Confectioners Association (NCA)** hosted a USA Pavilion at the 2010 International Sweets and Biscuit Fair (ISM) in Cologne, Germany with 32 exhibitors representing various confectionary products from the United States. Seventy-four percent of the USA Pavilion exhibitors used MAP funds to help offset the costs of attending, including travel, sample freight, and marketing materials. Results from a survey of the exhibitors indicated that it was a very successful show for many attendees. Respondents averaged 40 sales contacts and they projected sales increases of \$1 million as a result of this show. The MAP program remains an important tool to assist small companies in attending these types of international trade shows.

Five U.S. companies attending the show also participated in **Food Export-Northeast's** MAP funded Food Show PLUS! trade show enhancement services. Food Show PLUS! services include: assistance with show registration; pre-show research regarding pricing; import regulations and competitor analysis; scheduled one-on-one meetings with buyers; translation of booth and sales materials; on-site interpreters; and post-show qualification of leads. As a result of participating in Food Show PLUS!, the companies reported \$250,000 in increased sales and projected sales for the next 6 to 12 months of about \$950,000. The companies also established eight new distributorships.

- **U.S. Food Suppliers Generate Export Sales at Specialty Foods Buyers Mission: Food Export Association of the Midwest USA** sponsored a MAP-funded Specialty Foods Buyers Mission to the winter Fancy Foods Show in San Francisco, **California**, in January 2010. This is a cost effective, lower-risk and convenient way for smaller U.S. companies to make an international impact with their products and generate new sales leads. Twenty-two U.S. suppliers, from 15 states, had the opportunity for one-on-one meetings with 51 qualified buyers from **Canada, Hong Kong, Japan, Singapore, South Korea, and Taiwan**, to learn more about their product's export potential and make export sales. At the event, the companies reported making over \$300,000 in on-site sales to international buyers. Seven of these sales were first-time export sales for the companies. Projected sales for the next 6 to 12 months were over \$1.1 million. In total, the companies also made 100



contacts with new buyers and established 20 new distributorships. Five of the companies were new-to-MAP program participants.

## Multiple Products

Market development program participants frequently collaborate on projects that provide program synergies, to leverage limited resources on mutually beneficial activities. Additionally, FAS Field Offices often organize multi-product events in their markets.

- **Intertribal Agriculture Council (IAC) Uses MAP Funding to Introduce Native American Food Products to the World:** Over the past 12 years, the **IAC**, with the help of MAP, has assisted over 30 U.S. tribal food companies in finding an export market for their Native American products, including native wild rice, smoked and fresh salmon, salmon jerky as well as other salmon products, fresh produce, bison jerky, chocolates, native teas, dried foods, organic food products, bread mixes, and assorted jams and jellies. IAC has used MAP funds to participate in trade shows in **Europe, Asia, Australia, Canada, Mexico**, and the **Middle East**. Today, using MAP, some companies in the IAC program have export sales totaling well over \$2 million per year, and Native American foods are on menus and store shelves in all parts of the world. The IAC program began humbly with six tribal companies in 1998. They included: Quinalut Seafood's, Red Lake Nation Farms, Gila River Indian Community Farms, Navajo Agriculture Products Industries, Seminole Nation Foods, and Yakima Nation Produce. The primary goal of the IAC is to improve the economic situation for the thousands of Native American farmers and ranchers. The Intertribal Agriculture Council and USDA hope to pursue and promote the conservation, development, and use of Native American agricultural resources for this end.
- **U.S. Bakery Ingredients Exports Supported by EMP and QSP Double to \$9.6 Million:** **CAEC** reports that exports of U.S. dried fruits and nuts used as bakery ingredients in **China** reached \$9.6 million in 2009, a 213-percent increase from the prior year. This category of ingredients includes U.S. pecans, prunes, raisins, cranberries, cherries, blueberries, figs, dates, almonds, pistachios, walnuts, dried apples, and orange peel. Citing a series of successful trade shows and seminars targeted at five-star hotels, upscale bakeries, and specialty shops (e.g., ice cream and confectionary shops) in China, the program participant says EMP and QSP enabled key stakeholders (e.g., pastry chefs and bakery managers) to learn first-hand about the end product quality enhancement benefits of incorporating U.S. dried fruit and nut bakery ingredients. **CAEC** reports that the number of high-end bakeries and pastry outlets in China almost doubled in the last three years, from approximately 500 to 900. With new regional recipes being developed using a variety of flours that can accommodate the higher value imported ingredients, CAEC remains optimistic that their current 10 percent U.S. market share of the Chinese bakery ingredients market will expand rapidly over the next few years. CAEC dedicated approximately \$250,000 of combined EMP and QSP funding over the last three years to support U.S. bakery ingredients market promotion efforts, mainly in Southern China. In 2010, CAEC will dedicate \$75,000 in QSP funds to continue efforts to promote U.S. bakery ingredients in legacy regions of China but simultaneously broaden its marketing efforts into Northern China.
- **My Food and V-5 Initiatives Build Momentum for U.S. Food Sales in Japan:** The U.S. Embassy in Tokyo reports that the "My Food" and "V-5" Global Broad-based Initiatives (GBI's), funded under **CAEC's** MAP, continue to build momentum for U.S. agricultural product sales in Japan. Initiated in 2004, the "My Food" program has evolved into an interactive web-based platform designed to educate the Japanese consumers on the quality, safety, and reliability of American food products, thereby stimulating U.S. agricultural exports to this important market. Articles on the "My Food" website explore the regional diversity of U.S. foods, provide unique and exciting recipes developed by leading chefs using U.S. agricultural products, and preview upcoming promotions and events in Japan that showcase these products. Since the website was developed in 2009, MAP participants have grown to 49 organizations, a notable five-fold increase compared to the prior year. Over this same time period, end-user utilization of the website, measured by average monthly user hits, increased by 24 percent to 20,000 visitors. Largely due to the awareness-building successes of the "My Food" and the complementary V-5 "Healthy Eating" campaign (focusing primarily on promoting



healthy diets and recipes emphasizing U.S. vegetables), the Japanese media in 2009 released some of the first favorable media reporting (television, radio, and print) on U.S. agricultural products in recent years. More significantly, these initiatives led to the introduction of several new U.S. food product lines in Japan in 2009, including **California** olive oil dressings and a number of value-added U.S. meat items.

- **The U.S. Fresh Fruit Road Show Encourages Healthy Eating in **Mexico** and Increases U.S. Fresh Fruit Sales:** The U.S. Fresh Fruit Road Show is a MAP-funded GBI that has brought together several U.S. fresh fruit groups to promote each of their products in a U.S. fresh fruit campaign. The Road Show, a promotional bus travelling to high population and high income areas of Mexico, has been successful in reaching consumers with educational information about various U.S. fresh fruits. This campaign has also motivated retailers to carry larger volumes, new varieties, and new fruits. In four years, this initiative has reached over 3 million consumers who have directly participated in the Road Show or seen its presentations on television. This project has increased sales of these fruits by an estimated \$86 million. The interactive promotional portion of the Road Show was effective in making a big splash and building the crowds outside of the supermarkets and hypermarkets like the events generated by big brand name consumer soda companies. But it was the nutritionists and the recipe demonstrations that were the most popular features of the Road Show, as millions of consumers learned about the nutritional content and medicinal properties of U.S. fresh fruit. Participating retailers reported that sales increased on average 34 percent during the days the Road Show was out in their parking lot. The **Pear Bureau Northwest (PBNW)** saw sales increases of more than 100 percent for pears during in-store promotions conducted at the same time and same venue as the Road Show.
- **Rice, Dry Bean, and Soy Protein Products Organizations Strive to Improve Nutrition In Central America and Increase Consumption of U.S. Products:** The **U.S. Rice Producers Association**, in partnership with the **USA Rice Federation**, the **U.S. Dry Bean Council**, and the **American Soybean Association World Initiative Supporting Human Health (ASA WISHH)**, have collaborated in nutritional and food preparation training in Central America for a number of years. Targeting lower income segments of the population, they worked to increase per capita consumption of rice, beans, and soy products while improving the nutritional diet of school children and others at risk from protein deficiencies. They conducted nutrition education seminars and cooking demonstrations in schools in poor urban and rural areas across **Guatemala** and **Honduras**, expanding the program into **El Salvador**, **Nicaragua**, and **Costa Rica**. A recent project evaluation, conducted in Guatemala, reported overall positive results. Based on the 2009 participant survey, the evaluator reported that households who participated in the program showed a general significant increase in weekly consumption in rice, beans, and soy products in Guatemala, with significant increase in sales reported by Incaparina and Protemas, the two largest local manufacturers of texturized soy protein products. As a result, local private sector and schools are developing their own training for implementing similar programs in areas not served by the MAP-funded school educational program.
- **U.S. Products Featured at Two Southeast Asian Conferences:** The benefits of U.S. agricultural products and trade capabilities were on display at two recent events in **Southeast Asia**, both jointly sponsored by the **U.S. Grains Council (USGC)** and **ASA-IM**. More than 140 key Southeast Asian feed grains and oil seed buyers came together at the 6<sup>th</sup> Annual Southeast Asia U.S. Agricultural Cooperators Conference in Cebu, **Philippines**, September 6–9, 2009. The event provided a macro and micro economic review of the latest developments in U.S. and global grain production and trade. At the event, 1.4 MMT of U.S. agricultural products, valued at \$392 million, were sold and/or negotiated. Sales of U.S. corn and distiller's dried grains with solubles (DDGS), a co-product of U.S. ethanol production, totaled 263,000 MT (worth approximately \$34 million), a 27-percent increase from the 2008 conference. Sales of soybeans and soybean meal also increased compared with the same event in 2008, with the value of the sales of soybeans increasing by 160 percent and soybean meal increasing by 11 percent.

On April 28, 2010, 138 grain traders, purchasing managers, and integrators from around the world gathered in **Singapore** at the 4th Annual Southeast Asia Grain Transportation Conference. Themed 'Shipping and Supply Chain: The Next Decade,' the conference speakers shared their perspective on

the changing landscape in international trade and ocean transportation for agricultural products. The conference helped foster the sale of 400,000 MT of U.S. corn and corn co-products, 460,000 MT (worth \$188 million) of U.S. soybeans, and 680,000 MT (worth \$266 million) of U.S. soybean meal.

- **Food and Agriculture Export Alliance, Making a Difference:** The Food and Agriculture Export Alliance (FAEA, formed by the **U.S. Grains Council, American Soybean Association-International Marketing, U.S. Meat Export Federation, USA Poultry and Egg Council, and the U.S. Dairy Export Council**) focuses on food and feed safety and sanitary and phytosanitary regulatory capacity building, to improve trade by striving to align countries' import regulations with international and U.S. standards and systems. In this regard, FAEA has provided **Vietnamese** officials with SPS (sanitary/phytosanitary), Codex, and TBT (technical barriers to trade) training, brought high level Vietnamese regulators to the United States, enhanced Vietnamese SPS enforcement and WTO notification procedures, and assisted the government to align their food laws with Codex standards. FAEA helped to improve Vietnamese regulatory transparency by promoting the publishing of proposed government regulations and in assuring a 60-day public comment period. By also providing private sector SPS, TBT, and Codex training and holding joint government private sessions, FAEA empowered the private sector to be able to provide comments on the proposed regulations. FAEA has also collaborated with FAS Beijing in constructing a Chinese-English language food safety website, which provides a comprehensive compilation of U.S. food and feed laws and regulations. FAEA is now working with China's regulatory agencies (AQSIQ and CIQA) in training regional and local inspectors with regard to U.S. food and feed regulations and inspection procedures. FAEA also conducted SPS, TBT, and Codex training in **Cambodia** in 2009.
- **MAP-Funded Efforts Help Improve Biotech Regulations in South Korea:** The **North American Export Grain Association (NAEGA)**, using MAP funds and in collaboration with FAS Seoul, the American Soybean Association, and U.S. Grains Council facilitated approval of two U.S.-based biotech soybean varieties and one biotech corn variety by the Korean Food and Drug Administration (KFDA) and the Rural Development Administration (RDA). Although Korea ratified the Cartagena Protocol on Bio-Safety in October 2007, the lack of timely approval and practical documentation process for the importation of biotech products remained outstanding issues. In 2009, NAEGA brought U.S. experts together with their Korean counterparts to discuss and compare biotech product development and regulatory processes. As a result, Korea enacted two biotech regulations for U.S. soybeans and corn that maintained export sales of those products to Korea of over \$3.6 billion in CY 2008 and 2009.
- **Health and Nutrition Training in the Philippines:** In March-April 2009, the **USA Dry Pea and Lentil Council** and the **U.S. Dry Bean Council** collaborated with the U.S. Agricultural Trade Office (ATO) in Manila to provide a wide range of training on the benefits of U.S. pulses, using the ATO's demonstration kitchen facility. This effort resulted in the first commercial sale of pea flour, produced from U.S. peas, in Southeast Asia. In CY 2009, a Philippine importer bought 9 MT of yellow pea flour, valued at \$18,250. The sales were made by a pea flour miller in **Thailand** to a major ingredient importer in the Philippines, increasing demand for U.S. yellow peas. Additional sales are expected in 2010. In addition, a major food manufacturer and importer of pulses has expressed interest in setting up a pea fractionation plant in the Philippines to produce pea starch and other ingredients for use in vermicelli noodle production and other products.

For the past five years, USADPLC has used MAP and EMP to conduct technical seminars, on-site technical assistance, and trade servicing follow-up, to develop demand for pea flour, in a variety of processed products. The 2009 Health and Nutrition Training project included a technical seminar, which showcased the use of U.S. pulses and pulse flours in value-added products, and also a series of cooking demonstrations which featured healthy recipes using U.S. pulses. The training focused on the role of pulses in better health and nutrition. Participation and subsequent product interest exceeded expectations: more than 60 participants from 34 companies took part in the two-day technical seminar and associated cooking demonstration; 215 participants were involved in the subsequent series of eight cooking demonstrations; 13 companies requested additional information, including more technical details for research and development efforts and additional samples of pea flour; four companies expressed interest in initiating research and development activities using pulse

flours, including the franchises for Dunkin' Donuts and Kentucky Fried Chicken, which are interested in the potential use of pulse flours as a food coating; two companies inquired about the possibility of distributing pulse flours in the Philippines, including the company that ultimately imported pea flour; and there were three requests for price quotations and samples of pea flour.

## Small Company Successes

Small companies have many opportunities to participate in international market development programs. Many MAP participants have small company members, such as the **Hardwood Export Council**, **Intertribal Agriculture Council**, **Brewers Association**, and **U.S. Apple Export Council**. Some broad industry MAP participants also manage branded programs that small companies in their sector can use to directly access MAP for their own individual company promotions, such as **U.S. Meat Export Federation**, **U.S. Livestock Genetics Export, Inc.**, **National Confectioners Association**, **New York Wine and Grape Foundation**, which have branded programs.

Most small companies access market development programming through the four State Regional Trade Groups (SRTGs)—**Food Export Association of the Midwest USA**, **Food Export USA Northeast**, **Southern United States Trade Association** and **Western United States Agricultural Trade Association**. The SRTGs work closely with the State Departments of Agriculture in their respective regions to identify eligible company participants and export opportunities. They provide small companies with export readiness training and organize trade missions, as well as branded programming opportunities to directly access MAP funds for individual company promotions and trade show participation. During CY 2009, 615 companies participated in the SRTG branded programs.

- **MAP Launches Company Into the Major Leagues of Specialty Item Food Sales:** Raven Seafood, a small tribally owned business, is new to exporting. The president, Michael Shellenberger, is a member of the Lummi tribe in Bellingham, [Washington](#). Using MAP funds through the **Intertribal Agriculture Council**, Raven Seafood attended the 2010 FOODEX trade show in Japan, and Natural Products Expo West show in Anaheim, [California](#). They marketed their new product, Wild [Alaskan](#) Salmon Jerky at both shows, and as a result are negotiating sales to [Japan](#) and [Singapore](#) with expected quarterly sales to range from \$25,000-\$100,000. Shellenberger says, "We have the IAC's food program to thank for much of our current success. The food shows have literally launched us into the major leagues of specialty item food sales."
- **Seafood Shines at Successful Western United States Agricultural Trade Association (WUSATA) Out-Bound Trade Mission:** The WUSATA-sponsored trade mission to Shanghai, [China](#) was funded by the MAP, and held in conjunction with the 2009 China Fisheries & Seafood Expo. Six companies from [California](#), [Oregon](#), and [Washington](#) attended the event, which was designed to promote Western U.S. seafood to food processors from around China. The companies received strong interest and sales generated during the mission came to nearly \$1 million. In addition, the participants project to receive \$18.8 million in new sales within the first year after the mission. The Western U.S. seafood companies' products ranged from sardines to salmon. According to Mary Lou Gonzales, Export Sales for Del Mar Seafoods, Inc., "We were very pleased with the outcome and China's response...It was a great opportunity to build new relationships." Each company is enthusiastic about their generated sales and new found contacts.
- **WUSATA Companies Gain Market Shares at [Middle East](#) Trade Show:** In February 2009, 18 Western U.S. companies were featured in the WUSATA pavilion at the very popular GULFOOD trade show in Dubai, UAE. The MAP-funded event garnered \$17.7 million in company sales with an additional \$24.7 million worth of sales projected over the following 12 months. Western U.S. companies also secured 24 new distributors, which will allow them to expand their market share in this growing and important economic region for U.S. exports. The overwhelming interest in U.S. products, along with the value-added services from WUSATA and FAS, allowed the 18 agribusinesses to make significant partnerships in the region. Fisher Nut Company (Modesto, [California](#)), summed up their experience, "this was an excellent show; not only did it help us substantially increase our current business, but expand upon a new customer base, as well." Many of

the companies expressed eagerness to attend next year's show to further expand their marketing efforts and success.

- **Seafood Company Sails Into the European Market:** In April 2009, Triad Fisheries Incorporated, a small seafood processor in Bothell, **Washington**, exhibited their line of King Salmon, Coho Salmon, and Lingcod at the **WUSATA** sponsored pavilion during the European Seafood Exposition (ESE) in Brussels, **Belgium**. During this MAP-funded event, Triad received an export purchase order worth \$60,000 and established two new distributors from **Germany** and **Switzerland**. Six months after the show, the small processor reaped \$352,000 in new-to-market export sales, which was a 10-percent increase over 2008. This increase in export sales has allowed their warehouse contractor to add five employees to their full time workforce. Attending international and U.S. specialty food trade shows would not have been financially feasible for the company without assistance from the MAP generic program. Mark Tupper, owner of Triad Fisheries, clearly attributes the company's 2009 success to the MAP program, "In the tough economic times that we were facing, rather than being forced to stop advertising and promoting new business, we were able to reach out to both international and domestic markets." (Congressional District – WA 1)
- **Northeast U.S. Seafood Firms Successful at European Seafood Exposition (ESE):** Sixteen seafood companies exhibited in the **Food Export-Northeast** Pavilion at the ESE and project over \$250 million in new sales over the next 12 months. Nine of the companies had over \$104.4 million in on-site sales to 67 European buyers; 14 were first-time sales to a country market.
- **Noodle Maker Makes its Mark:** Max InterAmericas Inc., a small minority-owned business in San Diego, **California**, has been a MAP branded participant since 2004. Initially exporting to four countries, Max InterAmericas Inc., a noodle maker, used MAP branded funding through **WUSATA** as a "helping hand" to allow them to explore new international markets. With the programs assistance, exports have increased over \$10.0 million, from \$3.7 million in 2004 to \$14.4 million in 2009. They project 2010 export sales of \$17.3 million and now use MAP funds to export to: **Argentina, Bolivia, Chile, Colombia, Costa Rica, Ecuador, and Portugal**. Even in the depressed economy this past year, they were able to hire an additional full-time employee to cover new international market demands. (Congressional District – CA 50)
- **"Dave's Gourmet" is Turning Up the Heat Around the World:** Dave's Gourmet, a small business based in San Francisco, **California**, has been part of the **WUSATA** program since 2003. Originally a small burrito restaurant with a signature hot sauce, Dave's Gourmet used the financial assistance from the MAP branded program to attract international buyers to their wide range of award-winning hot sauces, organic pasta sauces, and other premium condiments. These efforts have resulted in a \$141,000-increase in their 2008 export sales and over a \$200,000 increase in 2009. Through the MAP branded program, increases in sales have enabled the company to hire an additional employee and reinforce marketing efforts by extending their products into Northern **Europe, South Korea, Japan, and the Middle East**. (Congressional District – CA 8)
- **Pet Food Supplier Doubles Export Sales With MAP:** Since 2004, OmniPro Pet Foods, Inc., a woman-owned pet food company based in **New York**, has used **Food Export USA Northeast** and **Food Export Association of the Midwest USA (Food Export-Midwest)** services to grow overseas pet food products sales. The company has used cost-share funding assistance through the MAP branded program to open new markets in 16 countries. MAP funds have helped the company with everything—from translating product labels into 20 different languages, to assistance with international tradeshows and travel expenses to attend overseas events. Recently, OmniPro Pet Food Company attended the Interzoo tradeshow in **Germany** with the help from MAP, which helped offset the costs of their overseas travel, tradeshow expenses, and the creation of graphics for their booth. The company sold four containers on the spot totaling \$64,000 in new sales, with projected annual sales of \$240,000. They also acquired 60 new leads for international distributors and established three new distributorships in **Taiwan, Russia, and Bahrain**. In the future, they plan to use the MAP branded program support to attend other pet tradeshows such as Global Pet Expo in Orlando, **Florida**, and ZooMark, in Bologna, **Italy**. Because of MAP support, OmniPro Pet Foods Inc.



export sales have increased by 50 percent each year and they have added two additional employees. (Congressional District – NY 24)

- **Iowa Company's Exports of Halal Foods Reach New Heights through the MAP Brand Program Assistance:** Midamar Corporation of Cedar Rapids, Iowa, a supplier of Halal foods and a full service provider and consolidator to the hospitality industry, participates in the MAP through the **Food Export Midwest**. Midamar used MAP Brand program funds to exhibit at the 2008 and 2009 Gulfood Shows in Dubai, UAE. As a result of contacts made at the shows, Midamar sold product totaling over \$1.2 million in the Middle East (**Qatar, UAE, Saudi Arabia, and Kuwait**), and their total export sales have increased 55 percent in the past year. According to Timothy Hyatt, Export Documentation and Project Manager, "The MAP branded program assistance is a great incentive for helping small companies." Because of significant growth in export sales, Midamar built a new facility and has added 10 employees to support exports. (Congressional District – IA 2)
- **Beverage Company Now Exporting to South Korea, Indonesia, and Malaysia, Thanks to MAP:** DreamPak LLC, a functional beverage company with a facility in New Berlin, **Wisconsin**, has exhibited at international tradeshow using **Food Export-Midwest's** MAP branded 50 percent cost-share funding. They have participated in the branded program since 2008 and have attended the Vitafoods show held in Geneva and the Tokyo Health Industry Show. As a result, the company has made new contacts and expanded their client base. They currently have three international distributors in Malaysia, Indonesia, and Korea that brought in over \$100,000 in combined export sales. According to Waleed Gamay, Account Manager for DreamPak, "Because of assistance from the branded program, we're no longer afraid to take a risk and try a new tradeshow or get a bigger booth space. This has helped put us on a level playing field with larger companies whose marketing budgets far exceed ours. As a result, we're able to compete with companies we would not have been able to otherwise." (Congressional District - WI 5)
- **Rural Missouri Company Gains New Sales Leads Using the MAP:** In May 2010, Diamond Pet Foods, located in Meta, Missouri, exhibited at the Interzoo trade show in Nurnberg, Germany, using **Food Export-Midwest's** MAP branded program. At the event, they established new leads for product sales to buyers from **India, Australia, UAE, and Qatar**. As a result, these new leads will increase sales and, in turn, boost bulk purchases. They anticipate first year sales of dog and cat food products to these countries to reach an estimated \$500,000. Executive Vice President of Manufacturing, Mark Schell said, "Food Export-Midwest gives additional access to resources that help us reach new buyers and build sales. We use the resources to reach a lot of our customers and the greatest benefit is that international buyers know about Food Export-Midwest and are familiar with the program so it makes it a win for them and a win for us." In addition, Schell stated that the branded program has helped Diamond open new markets and help maintain double digit growth in existing markets. The company remains a stable and consistent source of jobs in a rural community. (Congressional District – MO 9)
- **Kansas Salsa Company Makes First-Time Export Sale to Taiwan:** For two of the past three years, Maser Industries, located in Stilwell, Kansas, has exhibited at the Summer Fancy Food Show using 50 percent cost-share funding through **Food Export-Midwest's** MAP branded program to help cover tradeshow booth fees and the cost to ship samples to the event. According to Carol Maser, part-owner of Maser Industries, "During the 2007 show, we established a relationship with an export management company to help us export our line of specialty salsas to Taiwan. During a subsequent trade mission, a distributor from the country sampled our salsa products and placed an order through the export management company." The initial sale was for \$2,200 and the company expects future business from the buyer. Maser added, "Without support from the Brand program, we wouldn't have been able to attend the Fancy Food Show." (Congressional District – KS 3)
- **Export Sales to China Heating Up for Indiana Popcorn Company:** In May 2009, Preston Farms LLC, located in Palmyra, **Indiana**, attended SIAL China with financial assistance through the **Food Export-Midwest** 50 percent cost-share MAP branded program. During the event, the popcorn company met a buyer from China, and since that time made a first-time export sale to the country resulting in a 5-percent increase in their overall export sales. According to Leigh Anne Preston, sales



representative for Preferred Popcorn, which has since purchased Preston Farms' bulk processing division, "The branded program helped us with the cost of travel, lodging, and tradeshow fees, enabling us to exhibit at the event and make a new buyer contact that ultimately led to a first-time export sale to the region for our company." The new export sales have made a positive impact on their local economy due to sourcing more bulk popcorn, requiring the company to contract more popcorn acreage and giving more work to local farmers. (Congressional District – IN 9)

- **Ohio Company Makes First-time Export Sale to Indonesia:** EcoVative Resources, LLC, located in Columbus, Ohio reported a first-time export sale to Indonesia as a result of **Food Export-Midwest's** MAP-funded Market Builder Program, which is a matchmaking service that helps exporters find new distributors or importers and receive valuable feedback about their product. In December 2009, the company traveled to Southeast Asia where they met one-on-one with seven importers, resulting in an initial export sale for \$14,000 of their organic jumbo raisins and organic toddler formula products. The company has also taken advantage of the MAP funded Food Export Helpline™ to navigate the logistics of exporting. According to Mega Sun, The Food Export Helpline™ has been invaluable to the company, providing answers to questions on shipping details and market data, enabling them to successfully complete their first export sale to Indonesia. (Congressional District—OH 15)
- **Ohio Company Begins Exporting Gourmet Products to the Middle East:** Milo's Whole World Gourmet, located in Athens, Ohio participated in the **Food Export Midwest**-sponsored Midwest Buyers Mission, which facilitated contact with potential buyers. Contacts made with buyers from **Kuwait** resulted in a first-time order. Jonathan Leal, founder and owner, explained, "Since our VINO de Milo pasta sauces, salad dressings, and bruschetta toppings are all wine based, we had to custom make product for the Kuwait buyers without wine, and change the labels to adapt to their logo, including adding Arabic. The actual sale was approximately \$6,500. We expect to grow our sales with them." Food Export Midwest's programs helped the company with label requirements, export documentation and market research.
- **Rhode Island Company Makes First-Time Export Sale to Dubai:** After participating in a **Food Export USA Northeast** MAP funded seafood buyers' mission during the International Boston Seafood Show, Seafreeze Ltd. of Kingstown, Rhode Island made a first-time sale to Dubai for three containers of seafood products valued at \$100,000. They also concluded a sale to **Russia** valued at \$80,000. According to James Barbera, sales representative for Seafreeze, "The branded program helps us stretch our marketing dollars to be able to attend more international tradeshows like the European Seafood Expo. Over the years we've added new sales to many eastern European countries as a result of attending the tradeshow." In the last five years, the company has added five employees because of increased export sales. (Congressional District - RI 2)
- **Bakery Company Expands Export Sales to Middle East and Russia With Help From the MAP:** For almost 4 years, Love and Quiches, located in Freeport, **New York**, has participated in the **Food Export USA Northeast's** 50 percent cost-share MAP branded program to offset the cost of attending international tradeshows. In 2007, while exhibiting in the USA Pavilion at the Gulfood Show in Dubai, the company established a new distributorship and increased their market share in the region by 27 percent. Every year since, the company has attended the Gulfood show using MAP Brand program funds and has consistently expanded their market share in the region. During the 2010 show, they met a new distributor from Dubai and made their first export sale to the country. Patti Gonchor, National Sales Coordinator explained, "The first order to Dubai was for more than \$31,000 with a follow-up order for more than \$53,000."

The New York Company also used the MAP branded program funds to grow their export business in Russia by attending the 2008 World Food Show. "Once again, our attendance at the show gave us the opportunity to showcase our products and capabilities in this country. We made a new distributor contact, which has resulted in a 57 percent increase in our export sales to the country," added Gonchor. The company credits support they receive through Food Export-Northeast for their exporting success during these tough economic times. (Congressional District – NY 3)

- **Pennsylvania Company Grows Export Business With Help From the MAP:** Bell Export Foods Group, of Philadelphia, Pennsylvania, has used **Food Export-Northeast's** cost-share funding from the MAP branded program to help expand their export business in several international markets. The company participated in the FOODEX **Japan** tradeshow with help from the branded program. Ron Davis, President of Bell Export Foods Group explained, "The branded program provides us with matching funds to ship samples to tradeshow, like FOODEX Japan. It also helped offset the cost of labeling changes when additional labeling was required by different countries. This assistance is extremely important to us and helpful in building our export business. Without assistance from the branded program we would be doing much less export business because it would be difficult and costly to ship samples to shows."

As a result of new contacts made at FOODEX Japan, Bell Export is currently selling a minimum of one container load (over 40,000 lbs) of ice cream each month worth \$30,000/month, as well as candy, honey butter, mustard, and dressings. While in Asia, the company had a meeting, arranged by a **Food Export-Midwest** in-market representative, with a customer from **Hong Kong** and secured an order for organic poultry worth \$25,000. Furthermore, the branded program also helped minimize the cost of sending samples for product demonstrations in the **Dominican Republic** where they are now selling a variety of snack items. (Congressional District – PA - 1)

- **New Jersey Company Sees Export Success in the Middle East Through the MAP:** Rastelli Foods Corp. of Swedesboro, New Jersey, has used **Food Export-Northeast's** cost-share funding from the MAP branded program to participate in the Gulfood Food Show for the past three years. The company has sold a total of \$400 million in product to the Middle East. Since participating in the program, they have seen a double digit growth in sales including two new sales from the 2009 Gulfood Show to Jordan and Qatar, each for \$8-\$12 million per year. David McClendon, Director of Marketing for Rastelli said, "Thanks to our participation in the branded program, we were able to secure and confirm new customers in the Middle East region. As a result of their export sales, Rastelli has increased their manufacturing schedules and have hired 30 new employees. They have also added 8 new employees to their Global Export Division. (Congressional District – NJ 1)
- **Seafood Buyers Mission Nets Sales of More than \$9.4 Million for Northeast Seafood Companies:** To generate export sales and increase foreign buyer awareness for the variety of fish and shellfish products available from the **northeastern United States**, **Food Export-Northeast** used MAP to sponsor a Seafood Buyers Mission at the International Boston Seafood Show in March 2010. Fifteen qualified seafood buyers from the **Caribbean, Europe, and Asia** were brought to Boston, Massachusetts, to meet one-on-one with twenty of the region's seafood exporters and learn more about the harvesting and processing of seafood within the Northeast. As a result, participating Northeast seafood firms reported the activity generated 112 contacts with new buyers, with initial sales totaling more than \$9.4 million. Ten of these sales were to new markets. Seafood exporters developed 24 new distributorships and they project additional sales of more than \$13.5 million over the next 12 months.
- **Increases in Export Sales Balance Florida Company's Domestic Losses:** Peacock Tree Farms, a Port St. Lucie, Florida company, began participating in MAP export promotions through the **Southern United States Trade Association's (SUSTA)** generic events, which assist small to medium companies with everything from the logistics of show entry and participation to booth set-up and translation services. Peacock Tree Farms promoted their trees and palms at the International Plants Expo in **Germany**, participated in an accompanying trade mission, as well as the International Plants Expo **Dubai** trade show in 2009. The company also used matching funds from the MAP branded program to offset the costs of travel to these shows. As a direct result of these events, the company generated more than \$18 million in export sales. (Congressional District – FL 23)
- **Importers Request North Carolina Truffle Products Following Wine & Gourmet Japan:** Susan Rice Truffle Products, a small North Carolina company, is new to exporting. Although the company only started doing business in 2008, they have already participated in international trade shows. The company boasts over 200 acres of land in North Carolina that will be used to cultivate truffles for the company's gourmet truffle oils, popcorn, and other fresh and frozen truffle products. Following some

success at the 2009 Winter Fancy Food show (U.S.), Susan Rice decided to participate in a **SUSTA** MAP generic promotion at the 2009 Wine and Gourmet Show in Japan. As a result of making contacts during the show, the company has shipped 2,000 bags of gourmet truffle-flavored popcorn to over 100 stores in Japan, and trial orders of their truffle basil oil to a major airline. With other retailers showing interest in the products, Susan Rice Truffle Products expects to ship a full container to Japan in upcoming months. (Congressional District – NC 6)

- **Florida Grapefruit Supplier Expands into Russia with MAP:** River One International Marketing, LLC of Vero Beach, Florida began exporting in 2007 with the assistance of **SUSTA's** MAP branded marketing funds and reached \$40,000 in international sales that year. By exhibiting at select overseas trade shows, the company has promoted their grapefruit to new buyers and began selling products to Russia, a new market for them. River One has developed relationships with five new buyers as a result of their MAP branded activities, and sales for 2009 have increased by \$130,000. "Through these trade shows, we have been able to select buyers who are proven leaders in the market and have shown a commitment to expanding our brand, as well as overall volume of grapefruit," said Jim Huff of River One. The company's success overseas has affected the local economy as well, supporting ten packinghouse jobs. (Congressional District – FL 15)
- **Louisiana Potato Chips Cross the Globe Thanks to MAP:** The MAP branded program enabled Zapp's Potato Chips of Gramercy, Louisiana, to market their products in **Australia** and **Canada**. After requesting matching funds for international marketing from **SUSTA**, Zapp's was able to make necessary changes to their packaging for those two export markets. "We had to provide country-specific packaging formatted with the relevant nutritional information, and this was economically feasible with SUSTA's financial assistance," said Ron Zappe, the company's president and owner. Since entering SUSTA's MAP branded program in January 2008, retail sales for Zapp's in Australia and Canada have reached \$623,556. (Congressional District LA – 3)
- **Georgia Company Gains Sales through MAP-Supported Trade Shows:** Acorn International of Suwanee, Georgia has been an export trading company for 15 years, selling agricultural-based breath sprays and personal care products to Asia, Europe, the Middle East and other parts of the world. Acorn has participated in SUSTA's MAP branded for a number of years, and in 2008 used funds to exhibit at two trade shows for the first time: Cosmoprof - Hong Kong and Cosmoprof - Bologna. At the Hong Kong show, the company received orders for a total of \$38,700 to **Philippines**, **South Korea** and **Taiwan**. Taiwan is a new market for the company's Sweet Breath micro-mist sprays. While exhibiting at the show in Bologna, Acorn attracted another new client – this time for Cool Lips lip balm in **Australia**. Four orders totaling \$69,594 were placed at the Bologna show, and additional orders are pending for four more countries. Bernard D'Andria, President of Acorn, noted the remarkable benefit of using MAP funds to exhibit at these events: "I have been doing this business for 15 years now, and I never had so much success concentrated in two trade shows." (Congressional District GA – 7)
- **Rice Exports to the Middle East Pay Off for Texas Company:** Fibra, Inc., a Texas company specializing in rice exports, has used the MAP to gain product recognition in the Middle East. Fibra has participated in **SUSTA's** MAP branded program for eight years, requesting matching funds to promote U.S. rice in several countries in the region. In **Saudi Arabia**, **Lebanon**, **Jordan**, the **West Bank** and the **United Arab Emirates (UAE)**, truck advertisements and in-store demonstrations have helped increase sales from \$400,000 in 2005 to nearly \$9 million in 2010. Those advertisements were crucial in building Fibra's brand and allowing the company to compete against foreign companies selling rice to Saudi Arabia. Fibra's President, Karam Hanhan, said, "SUSTA has contributed a great deal to my sales. We hope to reach \$10 million in 2011." (Congressional District TX – 22)
- **The U.S. Meat Export Federation's (USMEF) MAP Funded Brand Program Makes Great Strides in 21 Target Countries:** The impact of **USMEF's** branded program for small companies is felt around the world. For 2009, \$100,000 in MAP funding was used by USMEF brand program participants to target 21 countries. A total of 18 companies, representing 10 states, promoted U.S. red meat products at trade shows and industry events. For example, as a result of attending the

Gulfood Trade Show in February 2009, Smith Packing Company of Utica, **New York** made several onsite sales and viable trade leads in the **UAE**. To date, Smith Packing has made \$1.5 million in sales, more than doubling its goal for the branded program. Agri-West International from **Texas** attended **Japan's** FOODEX show in March 2009 and displayed its pork sausage, precooked bacon and country fried bacon fritters, a new-to-market item. The launch of these fritters resulted in 1,400 lbs. of sales at the show. Additionally, attendance at Foodex provided Agri-West exposure for its precooked bacon and sausage products that generated more than \$2.5 million in sales, exceeding the company's goal by more than \$630,000. (Congressional Districts – NY 24; TX 23).

In April 2009, Lincoln International, Inc. of Foster City, **California** displayed U.S. beef products at the Food and Hotel **Indonesia** show. The company reported actual onsite sales in excess of \$100,000. Lincoln's participation in this trade show led to sales of \$5.5 million to the Indonesian food service industry. In May 2009, Dutch Valley Foods from **Illinois** displayed its new veal sausage and meatballs at the National Restaurant Association (NRA) show in Chicago. Attendance at NRA revitalized its customer efforts and they made contact with a buyer that resulted in a major sale. After 15 years of suspending its export efforts, Dutch Valley sold veal products to **Canada** valued at \$332,650, more than double their original sales goal. In spite of a very tough economy in 2009, recipients of USMEF's branded program funding reported a total of more than \$23 million in sales, a 9-percent increase over 2008. (Congressional District – CA 12; IL-2)

- **Small **Florida** Company Used USDA Services Wisely:** "FAS has saved us a lot of money, a lot of time, and a lot of effort and prevented us from having to waste our time doing something that would not be beneficial to us in the end," said Mohamed Bouras, president of Bouras Global Trading, a export company specializing in the wholesale export of food products such as syrups, gourmet sauces, drink mixes, roasted nuts, condiments and canned vegetables.

The company has seen an annual sales increase of 25 percent since the company formed 4 years ago and its projected sales for 2009 are approximately \$5 million. The company attributes much of its growth—a doubling of total sales since it began working with FAS—to its involvement in international trade shows and incorporating the information found on the FAS Website ([www.fas.usda.gov](http://www.fas.usda.gov)) into its business plan.



Mohamed Bouras proudly displays his products during an international trade show.

Bouras Global Trading has participated in several USDA/FAS-endorsed international trade shows over the past few years, which have boosted the company's efforts to enter prospective markets for its consumer-oriented food products. FAS' Trade Services Staff (TSS) works with show organizers to secure U.S. Pavilions at key shows. The company also received funding through **SUSTA**, an organization that received more than \$6.9 million in 2008 MAP funding from FAS to help its members promote U.S. products through a variety of programs, including promotional trade events.

- **Specialty Food Company Finds Continued Success in International Trade Shows:** Nonni's Food Co., Inc., a Tulsa, **Oklahoma**-based business, was built on the tradition of a beloved family biscotti recipe that traveled from Italy to America nearly a century ago, but also has expanded its business to include baked goods such as Bagel Crisps and Pita Chips. In recent years, the company turned its attention to potential overseas markets. With the help of USDA-endorsed trade shows and events, the company's success in the export arena has them traveling across the ocean again, this time sending products to countries around the world.

The company began to aggressively pursue overseas markets seven years ago and found that trade shows were critical to building their export business. Export Manager York has found that many of the larger shows, which draw tens of thousands of attendees, are particularly beneficial for making business connections. "At larger shows such as SIAL or Fine Food **Australia**, you have the



opportunity to reach the critical masses, which is very important,” said York. “Those events have a great return on investment over time.”

“I believe there is a benefit to exhibiting in the U.S. Pavilion,” said York. “My perception is that foreign buyers and retailers are interested in U.S.-made products. So to be in a standalone environment would handicap our attendance. I’ve seen the value in exhibiting in this space and would want to remain in the U.S. Pavilion for future shows.”

Nonni’s has also seen great benefit to participating in Buyer Missions (also called reverse missions) through state regional trade groups such as SUSTA, Food Export USA Northeast and the Food Export-Midwest. In the past year, the company has participated in more reverse missions than ever before. USDA/FAS and the state regional trade groups as well as individual state departments of agriculture co-manage many of these events.



Nonni's Foods Participates in Fine Foods Australia 2009

## Emerging Market Programs Successes

The EMP funds assessments of the food and rural business system needs in an emerging market, and provides technical assistance to implement subsequent recommendations. The program is intended to enhance the effectiveness of an emerging market's food and rural business systems in order to develop, maintain, or expand markets for U.S. agricultural products. For program purposes, emerging markets are defined as those countries whose per capita income is less than \$12,196 (the current ceiling on upper middle income economies as determined by the World Bank) and whose population is greater than 1 million (may encompass regional groupings, such as the islands of the Caribbean Basin).

- **EMP and QSP Help Build Soy Markets in Nigeria:** The **World Initiative for Soy in Human Health (WISHH)**, a program of ASA, began working in Nigeria two years ago with support from USDA's EMP program. Initial efforts focused on providing technical assistance to targeted food processors and hosting conferences to bring together multiple stakeholders. A QSP request was approved the following year, enabling WISHH to bring samples of various value added soy products into the country to be utilized by targeted companies. In 2009, two beverages using soy were launched on the commercial market, and there is growing interest in using soy in baked goods. Since 2009, commercial sales of isolated soy protein and defatted soy flour have exceeded \$1 million. In addition, approximately \$1 million has been invested by the processor in promoting their soy-based products.
- **EMP and MAP Helps Support Increased Soy Usage in Kenya:** With support from the MAP-funded Global Broad-based Initiative (GBI) program, **WISHH** saw increased sales of value added soy products in Kenya in 2009. WISHH began to work in Kenya with support from USDA's EMP program in 2001, and saw the first commercial sales of value-added soy products in 2006. Since then, sales have increased annually, with current sales values exceeding \$525,000. Efforts to move commercial sales forward have focused on providing technical assistance to food processors, hosting conferences and technical seminars, building a sustainable supply chain, and increasing consumer awareness of the nutritional benefits of soy.
- **EMP, FMD and MAP Helped the American Seed Trade Association (ASTA) Establish the African Seed Trade Association:** A globally competitive and efficient seed sector is a necessary precursor to agricultural development. Sub-Saharan African countries' agricultural development has been impeded by inefficiencies found in its seed sectors. Beginning in 2000, **ASTA** and the World Bank cooperated in devising appropriate seed sector development, regulatory, and regionalization schemes for Sub Saharan Africa. Utilizing EMP funding, ASTA was instrumental in the formation of the African Seed Trade Association (AFSTA) in 2000, and has sustained a long term leadership position with the AFSTA Board of Directors since its inception, assisting in AFSTA's strategic planning, advocacy, and programming. ASTA works with regional seed associations to promote science-based policies, intellectual property rights, and garner acceptance of U.S. seed.



- **California Stone Fruit Sales Grow in China with Support of EMP and MAP:** The **California Tree Fruit Agreement (CTFA)** reports that exports of U.S. stone fruit (including peaches, plums, and nectarines) to China surged in CY 2009, reaching \$3.3 million, a 73-percent increase from the prior year. Since gaining access to the market in 2005, **CTFA** has utilized a variety of FAS programs to support its efforts to establish a foothold in China. Initially, CTFA utilized EMP's Quick Response Marketing Fund to follow-up on conditions agreed upon in the groundbreaking market access negotiations between Chinese plant quarantine officials and USDA/Animal Plant Health and Inspection Service (APHIS) in December 2005. These conditions stipulated a supplemental trapping program for Mediterranean fruit fly be conducted and a technical visit be mounted by Chinese plant quarantine officials to California in advance of the 2006 stone fruit harvest. More recently, CTFA used MAP to mount a Chinese food media tour to California in conjunction with the stone fruit harvest season. This effort resulted in more than \$100,000 in free advertising in Chinese media (television and food publications) in the key Chinese markets of Shanghai and Guangdong. CTFA indicates that they dedicated \$35,000 in MAP funds to this activity, resulting in a return on investment of three dollars in sales to every one dollar in program funds. CTFA will continue its MAP work in China in 2010 by educating importers, wholesalers, and consumers on the health and quality aspects of U.S. stone fruit.
  
- **Technical Issues Resolution Fund (TIRF) Helps Maintain U.S. Exports to Mexico:** TIRF is a specialty fund under EMP, established to address technical barriers to trade in emerging markets worldwide by providing technical assistance, training, and exchange of expertise. FAS in Washington and Mexico City used TIRF to avert a disruption of trade when Mexican officials announced in December 2008, that they would ban shipments of imported meat in combo bins. Combo bins are large, octagonal-shaped cardboard boxes capable of holding up to one ton of product. Mexico's justification for the ban included concerns about contraband products and lack of their own ability to inspect the large containers. FAS used TIRF funds to bring Mexican officials to the U.S./Canada border, to view inspections conducted by the United States and Canadian officials for imported meat in combo bins. This visit went well and provided Mexican officials the opportunity to see how NAFTA partners can routinely carry out these inspections. As a result of this trip, Mexico agreed to harmonize import inspection rules for fresh and chilled meats within combo bins, and only ban the import of frozen meat in combo bins, which averted any disruption of U.S. meat and poultry exports. FAS estimated that this proposed regulation had the potential to eliminate upwards of \$600 million worth of poultry, pork, and beef trade annually.
  
- **U.S. Craft Beer Exports to Brazil Made Possible by EMP and MAP:** In 2009, the **Brewers Association (BA)** utilized EMP funding to conduct comprehensive market research on the Brazilian market for craft beer and determined that there were considerable opportunities for U.S. breweries. As a result of this study, BA invited a delegation of Brazilian trade contacts with a strong interest in U.S. craft beer to attend the Great American Beer Festival (GABF) in Denver, **Colorado**, from September 24-26, 2009. One importer was invited to speak at the event about opportunities in Brazil. MAP funds were used to assist the delegation with their travel to Denver and to cover seminar costs. While attending the GABF, the delegation met individually with U.S. breweries interested in exporting to Brazil, and one importer placed orders with two U.S. craft breweries. Within 6 months of attending GABF, the Brazilian company made ten purchase orders for U.S. craft beer from three American breweries. In total, these orders represent \$151,500 in beer sales. Craft beers from Flying Dog Brewery (Frederick, **Maryland**), Rogue Ales (Newport, **Oregon**), and Anderson Valley Brewing Co. (Boonville, **California**) are now available to Brazilian consumers as a direct result of the BA's MAP and EMP funded export development efforts. Moreover, based on solid consumer demand from the initial shipments, the importer has approached BA about adding other breweries to their portfolio.
  
- **EMP and MAP Help Move New York and Michigan Apples to Southeast Asia:** New York Apple Sales, a marketing company based in Castleton, NY, shipped its first apples from the East Coast to Southeast Asia, a result of the **U.S. Apple Export Council's (USAEC)** EMP market research conducted in 2007-08 and initial market development activities in 2008-09. The research identified

Southeast Asia as a key market for all fresh fruit with relatively stable economies and a strong retail base. Southeast Asian importers and consumers were not aware that apples are grown in the eastern United States – and the distances were considered too great to manage for the East Coast shippers. With 2010 EMP funding, USAEC was able to hire a regional representative to conduct a trade mission and a reverse trade mission, all designed to educate the importers about the USAEC shippers and products. With MAP funds, USAEC was able to participate in the Asia Fruit Logistica trade show in September 2009.

As a direct result of contacts made during all of these activities, the first shipments of apples from New York were made in the fall of 2009. EMP and MAP funded retail promotions were conducted with the first shipments. Exports continued at a steady pace for the rest of the season from New York as well as Michigan. This new market for New York and Michigan represents \$500,000 in sales and is growing. These small companies would not have had the resources to identify key targets in this region, nor would they have the means to educate the importers about the East Coast industry, were it not for EMP and MAP. Both New York and Michigan shippers hope to continue to expand these markets for years to come.

- **EMP and MAP Help Pennsylvania Apples Break Into Indian Market:** Hess Brothers Fruit Company, a small apple marketing and packing company based in Leola, PA, has developed a strong business in India – and together with a few other shippers have made sales in excess of \$1.5 million so far this season (July 2009 –February 2010). Since 2007, Hess Brothers has monitored the market carefully as **USAEC** conducted market research, hired an in-country representative to help identify appropriate targets, and educated the apple importers and retailers in India about the quality and varieties of the apples grown on the East Coast of the United States. Hess Brothers, along with several other members of USAEC, see this new market as one that they hope to continue to expand – taking advantage of competitive shipping routes off of the East Coast. In addition to importing from Pennsylvania, India is beginning to show a strong interest in **New York** apples as well. All of this new interest and subsequent sales can be directly traced to the impact of the EMP-funded research in 2008, initial market development activities, and MAP-funded trade show presence from 2007-2010. These small businesses in Pennsylvania and New York view the Indian market as a key element to the long-term success of their businesses – and just 2 years ago these growers and shippers believed no shipments would ever occur to this market.



USAEC Reverse Trade Mission; courtesy of U.S. Apple Export Council

- **EMP and TASC Funding Help Peanut Industry Build New Markets for Plumpy’Nut:** In 2007, **American Peanut Council (APC)** began to develop a program to support the production and use of Plumpy’nut, a peanut-based Ready to Use Therapeutic Food (RUTF) currently being used for international food aid. Interest in the use of U.S. peanuts for food aid developed after APC had participated in collaborative activities with WISHH and the U.S. soybean industry in **Sub-Saharan Africa**, working with PVO’s and NGO’s in Africa. APC estimated that Sub-Saharan Plumpy’nut market could represent approximately \$550,000 in U.S. peanut sales, and looking more broadly at opportunities across Africa and in the Caribbean, these could represent a combined market of almost \$9 million or potentially 3 percent of U.S. exports.

U.S. industry interest grew when a clip from the television show “60 Minutes”, showcased Doctors Without Borders administering Plumpy’nut to children in Niger, was aired during an APC meeting in December of 2007. The U.S. peanut industry raised over \$25,000 from all segments of the peanut industry (growers, shellers, and manufacturers) to begin a Plumpy’nut program. APC used these industry funds and EMP funds to conduct a feasibility study and a technical seminar in Nigeria. In 2009, in partnership with Counterpart International, APC supported a feasibility study to consider the development of a Plumpy’nut facility in Senegal (paid for by Citibank International), and conducted research to determine where new production facilities might be best located and developed. These

new facilities will use a mixture of local peanuts and imported U.S. peanuts to create the final product. During 2009, APC also utilized TASC funding to ship U.S. peanuts to **Malawi** and **East Africa**, and is planning another trade mission/tour of **West Africa** in 2010 to conduct feasibility studies for local production.

This is a long-term commitment for the U.S. peanut industry. Facilities are currently in the planning stages and not yet in production. However, once on-line, increased Plumpy'nut production will not only help alleviate malnutrition in children and provide economic stimulus for the local economies, but will also build new markets for U.S. peanuts.

- **EMP Helps Train **Swaziland** Officials in World Trade Organization (WTO) Notification Obligations:** Many developing countries have little or no experience with the regulation, policy, legislation, enforcement, or coordination necessary to fulfill their obligations under the WTO Agreements on Sanitary and Phytosanitary (SPS) Measures and Technical Barriers to Trade (TBT). Specific issues facing these countries are often similar, such as: vertical and horizontal integration of SPS agency roles; national treatment; standards notification; regulatory transparency; and SPS risk mitigation. Market access for the United States is threatened if acceding countries lack sufficient understanding of these concepts and agreements, since their regulatory decisions may be unstructured and capricious. At a recent meeting of the WTO-SPS Committee, the United States was asked to “mentor” Swaziland to improve the functioning of their WTO Enquiry Point. U.S. agricultural exports to Swaziland are valued at \$2.9 million – a small but emerging market. FAS received EMP funds to train Swaziland officials in understanding and implementing WTO notification obligations, providing regulatory transparency to decisions that impact the import of U.S. goods. Within 2 weeks following the training, Swaziland submitted its first SPS notification to the WTO. The notification was a direct result of the \$4,500 EMP-funded project.
- **EMP Helps Establish United States–**China** Pesticide Regulatory Partnership:** China has faced several food safety crises in recent years. At the root of many of these problems is a federal regulatory system that lacks coordination, clear lines of responsibility, and an understanding and adoption of international standards. This has created an unstable trade environment for U.S. agricultural exports. As concern grows globally over the safety of pesticide residues on agricultural products, U.S. exports face increasing scrutiny at foreign ports. With U.S. agricultural exports to China valued at approximately \$12 billion (2008), it is critical that China utilizes sound, science-based, pesticide standards when inspecting and assessing U.S. agricultural products.

In this regard, FAS used a \$104,000 EMP-project to facilitate a series of technical and policy exchanges on pesticide regulations between the U.S. Environmental Protection Agency (EPA) and their Chinese counterparts, ICAMA. This exchange program between EPA and ICAMA has gathered substantial strength over the past two years, becoming a model program for establishing meaningful relationships between U.S. and Chinese government agencies. FAS worked with the two agencies to develop a near-term (three-year) cooperative work plan, and also implemented a total of 16 exchanges between the two agencies during FY 2008-09. Both the EPA and ICAMA have released promotional documents highlighting their relationship and the importance of international cooperation on pesticide issues, demonstrating the sincere commitments from both agencies. Additionally, the EPA document highlighted a set of new International Program Strategic Goals that included language to help “minimize unnecessary technical barriers to trade” – a significant expansion in EPA policy. This new relationship with China’s pesticide regulatory agency, and the expansion of EPA’s goals to include agricultural trade are direct results of the EMP-funded project.

- **EMP Strengthened Relationship with Chinese Inspectors, Helped to Maintain Trade:** In October 2009, the **China** Inspection Quarantine (CIQ) in Shanghai announced that it would strictly enforce existing import regulations on U.S. poultry products arriving at Shanghai port due to concerns on the authenticity of official shipping documents. The effect could have been a significant disruption to U.S. exports. Due to the communication and trust established through the EMP-funded technical capacity building exchanges between U.S. regulatory agencies and Chinese food safety and inspection officials, FAS was able to negotiate an agreement with CIQ whereby the United States verified certain information on questionable shipments and CIQ accepted the U.S. poultry and poultry products. This

agreement has allowed more than 60 containers to enter commerce in China, worth \$750,000. Maintaining this trade with China is a direct result of the \$100,000 EMP-funded project.

- **EMP-Funded Western Hemisphere Meeting Facilitated Consensus on Key Codex Issues:** In August 2009, EMP funded the first Western Hemisphere Codex Delegates Colloquium in Miami, **Florida**. This meeting provided U.S., Latin American, and Caribbean delegates the opportunity to build coalitions and consensus on key issues pending in Codex. As a result, delegates from Latin America and the Caribbean agreed to support the U.S. position on numerous items before the Codex committees including the U.S. position on the Codex Revised Apple Standard. The Codex Apple standard had been at an impasse for 12 years. Europe had been dominating the drafting of the standard, and the inclusion of Eurocentric apple grading systems would have had a negative effect on the \$737 million U.S. apple export market (2008 value). The support of **Latin American** and **Caribbean** delegates would enable the United States to uphold the inclusion of the U.S. apple grading systems. The delegates also agreed that the U.S. method of tolerances for decay within shipments should be used in all Codex Fresh Fruit and Vegetable Standards, which would decrease the number of U.S. export shipments that are downgraded from the more lucrative classes (Extra fancy) to a lower quality class.

### Technical Assistance for Specialty Crops Successes

TASC addresses phytosanitary trade barriers that specialty crops face in foreign markets. Specialty crops are defined as “all cultivated plants and products thereof produced in the United States except wheat, feed grains, oilseeds, cotton, rice, peanuts, sugar, and tobacco”. Projects include seminars and workshops, study tours, field surveys, pest and disease research and pre-clearance programs. Any U.S. organization is eligible to apply, including non-profit trade associations, universities, agricultural cooperatives, private companies, U.S. government agencies and state government agencies.

- **TASC Help’s the United States and Canada Reach Landmark Bilateral Organic Equivalency Agreement:** The **Organic Trade Association (OTA)** reports that on June 30, 2009, the United States and Canada signed a landmark bilateral organic equivalency agreement representing the first equivalency agreement between two countries anywhere in the world. TASC played a key role in the effort, according to OTA, by funding a detailed GAP analysis and providing other technical support to the trade team at USDA during the full length of the negotiations. Under the equivalency agreement, the Canadian Food Import Agency will allow the import of organic food, livestock and crops produced according to the U.S. organic standards. Conversely, USDA will allow the import of Canadian organic products produced according to Canadian organic standards accredited certifying bodies under the Canadian system. Canada is the U.S. organic industry’s largest export market with an estimated \$1 billion in sales each year.
- **TASC Program Supports Establishment of U.S. – Thailand Seed Potato Protocol:** The **United States Potato Board (USPB)** reported that TASC has been instrumental in helping to address SPS/TBT concerns by the Thai Government, which was preventing market access of U.S. seed potatoes from the states of **Washington, Idaho, Oregon, and California**. With the signing of an October 15, 2009, agreement, U.S. seed potatoes gained access to the Thai market for the first time, with its growing demand for snack food products manufactured locally by large snack food companies. U.S. seed potatoes exports to Thailand could reach as high as \$3 million in 2010, potentially reaching \$5 million annually by 2015. This would make Thailand a top ten U.S. seed potato market. TASC funding enabled a delegation of Thai Ministry of Agriculture experts to visit select U.S. seed potato producing states where they learned about U.S. seed certification procedures and international standards. USPB will also use TASC funds to bring officials to the United States in the spring of 2010 to set the stage for additional seed potato producing states to be included under the Thai import protocol. Approximately \$85,000 in TASC funds were allocated to USPB in 2009 to fund a variety of technical assistance programs related to market access impediments facing the industry.

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